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FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC-1-53 January 30, 1953

PRICES FOR 1952-53 INDIAN COTTON ANNOUNCED

The Government of India has announced the floor and ceiling prices applicable to the 1952-53 cotton crop in connection with this season's purchasing program. A basic grade (and staple length) has been established for each variety covered with a floor and ceiling price being determined for each. Price premiums and discounts for variations in grade and/or staple length from a basic grade have also been announced. For example, in the case of Jarila, the basic grade is "Fine, 25/32-inch staple," the ceiling price of which is 820 rupees per candy (21.96 U.S. cents per pound); the ceiling increases to 835 rupees per candy (22.37 U.S. cents per pound) for "Extra Super-Fine" grade--staple length 25/32-inch. For "Fine grade Jarila" the ceiling price varies from 780 rupees per candy (20.89 U.S. cents per pound) for 23/32-inch staple to 890 rupees (23.84 U.S. cents per pound) for 7/8-inch staple. Floor prices vary from the basic grade and staple length in the same manner. With respect to short-staple varieties for which no basic minimum prices have been fixed, namely, Dhollera, Kalagin, Bengal desi, Oomra desi, Mathia and Mungari, C. P. I and II, and Central India cottons, there is no guarantee that the Government of India will buy them at any price.

There is no price control on cotton licensed for export. The attached table shows the established floor and ceiling price for the basic grade of each variety for which prices have been established. These announced prices relate to fully compressed cotton delivered in Bombay ex-seller's warehouse, and include one-quarter of one percent brokerage fee and the usual "sample and stone allowance." For purchases covering cotton to be delivered at a producing center, the minimum and maximum prices applicable will be the established prices, less an amount equivalent to the railroad freight from that center to Bombay and Rs. 10/ per candy (.267 U.S. cent per pound). For deliveries to points other than producing centers, the floor and ceiling prices which are applicable to transactions at producing centers will be increased by the amount of freight charges to the place of delivery, plus Rs. 10/ per candy (.267 U.S. cent per pound).

With respect to sales made directly to mills, a margin of 1-1/4 percent in excess of the established ceiling prices is permitted. For "loose" cotton, i.e., cotton ginned but not baled, the maximum and minimum prices will be subject to a reduction of Rs. 25/ per candy (.669 U.S. cent per pound).

The following varieties are excluded from the floor and ceiling prices:

Cambodia C.O. 4 (incl. C.O. 4/B 40 or Cambodia Uganda 1) otherwise known as "Rajapalayam" cotton of one-inch staple, or longer, subject to the condition that

1. Such cotton was grown in a "protected area," or that the grower of the variety involved had been registered with the Department of Agriculture of the state concerned and the area planted had been indicated,
2. The seeds required for sowing such cotton in the relevant areas had been fully approved and supplied by the Department of Agriculture of the state concerned,
3. The ginning and pressing of the crop of such cotton had been done under the supervision of the Department of Agriculture of the state concerned and a certificate of purity issued by the said Department for pressed bales.

Announcement has also been made that maximum prices may be increased by Rs. 50 per candy (1.34 U.S. cents per pound)--Rs. 20 per candy (.535 U.S. cent) for some varieties--over the applicable ceiling prices for most types of cotton which are grown under certain conditions. To be eligible for these higher prices, growers must have used areas which had been reserved by the agricultural department of the state concerned for the purpose of procuring pure seed and the crop must have been duly rogued and all off-types removed. The types of cotton falling into these categories are:

Jayadhar, Karunganni K. 2 and K. 5, Gaorani 6 and 12, Jarila, Buri 107, Malvi 9, Virnar (197-3), P/AM 216F and 320F Rgd, P/AM LSS Rgd, Parbhani American, Buri 0394, 2087, Laxmi, Cambodia C.O.2, Suyog, Vijay, H 420, and M.A.5.

COTTON FUTURES TRADING RESUMED

After a lapse of over 3 years, futures trading in cotton was resumed in Bombay on December 12, 1952. The resumption of futures trading indicated that the Government of India considered the present cotton situation such that the restoring of normal trade practices could be justified. The hope was expressed that such trading would bring about "stability in the cotton markets and make it possible for the trade and mills to assist the cotton grower by early purchases of the large volume of cotton which would soon be moving into the markets." Following the resumption of cotton futures trading the Daily Rate Committee of the East India Cotton Association recommended the quoting of spot prices for Jarila 25/32-inch staple and "fine" grade. Spot prices for Broach Vijay are expected to be quoted when the current crop begins to move into the markets in volume. The futures market will operate within the framework of the established floor and ceiling prices. It appears that reasonably adequate safeguards have been taken to insure the operation of the futures market without adversely affecting the price-control policies. Following are some of the principal safeguards.

1. The basis of the hedge contracts is machine-ginned Jarila of 25/32-inch staple and "fine" grade. All indigenous cottons for which floor and ceiling prices have been established are tenderable against this contract.

2. The delivery months will be February, May, and August.

3. No transactions will be permitted at prices above the ceilings or below the floors established by the Government of India.

4. An emergency will be declared when the futures contract for basic Jarila is quoted within a margin of Rs. 25/ per candy (.669 cent per pound) from the floor or ceiling prices, i.e., when Jarila quotations increase to Rs. 795/ per candy (21.29 U.S. cents per pound) or higher or declines to Rs. 575 per candy (15.40 U.S. cents per pound) or lower. When an emergency is declared, operators will be required to deposit Rs. 35/ per bale (1.88 U.S. cents per pound) on all sales made near the floor prices and on all purchases made near the ceiling prices. Deposits are required on all open purchases and sales and will not be repaid until the last delivery date of the contract concerned.

5. The Textile Commissioner will have the right to close the futures market in consultation with the Bombay Government and the East India Cotton Association, if it is found to operate in a manner detrimental to the country's economy.

During recent years futures trading was prohibited because of the short supply situation of cotton in India and the government's policy of holding prices within the ceilings. However, since the textile recession of March-April 1952, cotton prices have remained significantly below ceilings. It appears there is little or no immediate prospect of their exceeding the ceilings because

1. The cotton supply situation, both within the country and abroad, has improved significantly. Mills are reasonably well stocked and the Government of India has agreed to permit the importation of substantial quantities of cotton during the first half of 1953.

2. Mill demand for cotton continues at only a moderate rate because the consumer and export demand for cloth has not improved sufficiently to induce mills to substantially increase their production.

3. The possibility of devaluation by Pakistan has not been ruled out by some Indian cotton dealers. If such devaluation should occur, Indian mills would prefer to buy cotton from that country because it is superior to most of the indigenous production. Such a development would have a "bearish" effect on Indian cotton prices.

The decision by the Government of India to resume futures trading in cotton was in line with the government's previously announced policy to restore normal trade practices when circumstances permitted.

Established floor and ceiling prices for basic grades of 1952-53 Indian cotton, by varieties

Variety 1/	Basic quality		Established prices			
	Grade	Staple	Floor		Ceiling	
			Rupees per candy of 784 lbs.	U.S. cents a pound	Rupees per candy of 784 lbs.	U.S. cents a pound
Jarila	Fine	25/32"	550	14.73	820	21.96
H-420	Fine	25/32"	600	16.07	870	23.30
Buri American and Parbhani American	Fine	7/8"	680	18.21	940	25.18
Gaorani 6 and 12	Fine	7/8"	680	18.21	990	26.52
Broach Vijay	Fine	25/32"	620	16.61	925	24.78
Surat	Fine	7/8"	710	19.02	1020	27.32
Kalyan	Fine	25/32"	565	15.13	870	23.30
P/AM 4F R.G.	Fine	3/4"	580	15.54	850	22.77
P/AM 4F S.G.	Fine	3/4"	600	16.07	870	23.30
P/AM LSS R.G.	Fine	13/16"	640	17.14	920	24.64
P/AM LSS S.G.	Fine	13/16"	660	17.68	940	25.18
P/AM 216F R.G.	Fine	7/8"	730	19.55	1045	27.99
P/AM 216F S.G.	Fine	7/8"	760	20.36	1075	28.79
Western	Fine	13/16"	610	16.34	890	23.84
Jayadhar	Fine	29/32"	700	18.75	1015	27.19
Comptah	Fine	7/8"	700	18.75	990	26.52
Upland	Fine	13/16"	630	16.87	885	23.71
Laxmi	Fine	7/8"	730	19.55	1045	27.99
Cambodia	Fine	7/8"	730	19.55	1045	27.99
Karunganni	Fine	13/16"	630	16.87	935	25.04
Dhollera and Kalagin	Fine	3/4"	nil		780	20.89
Bengal desi	Fine	any	nil		645	17.28
Omra desi, Mathia and Mungari	Fine	any	nil		680	18.21
C.P. I and II	Fine	5/8"	nil		720	19.29
Central India	Fine	5/8"	nil		695	18.62

1/ P/AM = Punjab American. R.G. = Roller ginned. S.G. = Saw ginned.

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FC-2-53

February 2, 1953

WORLD COTTON PRODUCTION SLIGHTLY DOWN

World cotton production in 1952-53 is now estimated at 35.1 million bales (of 500 pounds gross) or about .5 million lower than in 1951-52. This is .8 million bales above the earlier estimate of October 1952 as upward revisions in the estimates for the United States, Mexico, Pakistan, Turkey, and Brazil, have more than offset a lower estimate for India. The revised estimate for the 1951-52 season has also been increased by 270,000 bales because of upward revisions in the crops of Turkey, Pakistan, Brazil, Mozambique, and Nigeria.

The 1952-53 cotton crops in the major-producing countries did not vary greatly from those of the previous year. There was some reduction in acreage, attributed in most countries to declining prices early in 1952 and in a few countries to drought. Preliminary and, in many cases, incomplete figures indicate a decrease of nearly 3 million acres from the world acreage of 84.6 million in 1951-52. Yields per acre, computed from these figures, are slightly higher in nearly all countries than in the previous year.

The latest estimate (December) of 15,038,000 bales for the United States 1952-53 crop is 106,000 bales or .7 percent lower than in the previous year. Acreage was down by 6.3 percent but average yield increased from 271.9 to 288.4 pounds per acre. The average grade in 1952 is slightly higher than in 1951 but the average staple length is slightly shorter.

In Mexico, acreage was reduced by 22 percent as a result of drought at planting time and curbing of credit to cotton growers following a sharp decline in prices. Production, estimated at 1,172,000 bales for 1952-53, is only 14 percent down from the previous year. Higher average yields were attributed to the fact that the drought of 1952 was less severe than in 1951 and nearly all the reduction in acreage was in unirrigated areas where the lowest yields are normally obtained.

The 1952-53 crop in South Brazil, where about 75 percent of the Braziliam crop is produced, will not be picked until after March 1. Consequently, no firm estimates of the crop are available. Acreage in that area is reported to be down 18 to 20 percent, due mainly to rapidly declining world prices at planting time and uncertainty regarding the government's price-support program for 1952-53 which was not announced

COTTON: Acreage and production in specified areas, averages 1935-39 and 1945-49, annual 1950-52 1/

Continent and country	Acreage					Production 2/				
	Year beginning August 1					Year beginning August 1				
	Averages					Averages				
	1935-39	1945-49	1950	1951 3/	1952 3/	1935-39	1945-49	1950	1951 3/	1952 3/
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
NORTH AMERICA										
El Salvador	9	35	47	72	67	5	21	27	39	41
Guatemala	-	8	6	20	20	2	5	4	11	12
Mexico	725	1,034	1,804	2,377	1,861	334	577	1,147	1,368	1,172
Nicaragua	9	11	43	86	69	5	7	22	40	27
United States	27,788	21,258	17,843	26,687	24,995	13,149	12,104	10,012	15,144	15,038
British West Indies	20	12	-	-	-	5	4	5	-	-
Haiti	-	37	25	41	-	22	10	6	8	7
Total 4/	28,642	22,403	19,796	29,315	27,087	13,523	12,730	11,225	16,619	16,308
EUROPE										
Bulgaria 5/	85	82	-	-	-	35	20	-	-	-
Greece	168	111	191	213	203	76	52	117	133	115
Italy	56	40	56	72	-	21	11	14	25	28
Rumania 5/	8	102	-	-	-	2	-	-	18	-
Spain	46	130	78	110	150	10	18	28	30	38
Yugoslavia	8	-	64	39	-	3	-	7	5	5
Total 4/	372	511	529	607	662	147	127	192	231	226
U.S.S.R. (Europe and Asia)	5,087	3,697	5,600	-	-	3,430	2,328	3,300	-	-
ASIA										
Cyprus	11	5	13	11	14	3	1	3	2	4
Iran	453	239	321	371	445	171	85	129	124	165
Iraq	53	22	100	110	124	11	5	38	28	30
Syria	85	59	193	450	350	28	32	163	223	225
Turkey	667	645	1,100	1,586	1,660	249	268	542	689	780
Afghanistan	-	-	-	-	-	49	16	34	55	60
Burma	428	178	225	300	300	97	32	50	75	65
China (incl. Manchuria)	7,038	5,831	7,650	10,100	9,550	2,855	1,939	2,430	3,000	2,800
French Indochina	36	-	-	-	-	6	2	1	4	-
Japan	2	10	11	10	-	1	3	2	2	-
India	6/ 24,204	11,306	13,466	16,213	-	6/ 5,348	2,304	2,720	3,100	2,750
Korea 7/	564	344	-	361	-	198	89	90	100	-
Indonesia	27	-	-	-	-	9	4	3	-	-
Pakistan	6/	2,965	3,011	3,376	3,400	6/	1,024	1,227	1,350	1,500
Philippine Islands	5	5	3	3	-	1	1	1	1	-
Thailand	16	84	86	77	-	7	26	28	28	28
Total 4/	33,805	21,827	26,705	33,256	32,227	9,038	5,835	7,470	8,797	8,512

SOUTH AMERICA										
Argentina	770	962	1,137	1,371	–	289	427	470	590	–
Brazil	5,562	4,520	5,300	5,100	–	1,956	1,352	1,800	1,950	–
Colombia	98	–	103	–	–	23	27	34	47	60
Ecuador	40	41	–	35	36	13	11	15	10	13
Paraguay	111	123	154	175	160	40	47	49	71	57
Peru	428	345	383	445	–	379	308	370	401	420
Venezuela	50	–	–	42	–	11	11	5	17	12
Total 4/	7,060	6,177	7,148	7,312	7,479	2,711	2,184	2,743	3,087	2,913
AFRICA AND OCEANIA										
Anglo-Egyptian Sudan	439	371	539	571	–	248	246	442	285	325
Belgian Congo	874	745	815	790	–	172	195	197	218	–
Kenya	–	51	58	50	56	13	6	11	10	7
Nyasaland	84	–	–	–	–	12	8	3	10	7
Tanganyika	–	–	–	–	–	50	38	37	37	60
Uganda	1,477	1,324	1,535	1,530	1,450	281	227	289	316	292
Canary Islands	–	2	3	5	–	–	1	2	4	–
Egypt	1,821	1,367	2,050	2,055	2,042	1,893	1,456	1,754	1,666	1,946
French Equatorial Africa	390	–	600	–	–	41	104	93	145	–
French North Africa	1	5	14	33	35	8/	2	5	12	12
French West Africa	–	–	–	–	–	28	14	14	21	–
Mozambique	–	557	700	680	–	9/ 33	104	131	140	–
Nigeria	–	–	–	–	–	36	48	75	110	–
Angola	73	–	110	112	–	13	24	23	22	29
Southern Rhodesia	2	5	10	37	–	8/	2	3	6	–
Union of South Africa	–	12	40	80	80	2	3	12	24	24
Australia	53	5	4	4	–	11	1	1	1	–
Total 4/	6,176	5,805	7,252	7,610	7,695	2,840	2,483	3,100	3,036	3,341
World total 4/	81,142	60,420	67,030	84,600	81,650	31,689	25,687	28,030	35,570	35,100

1/ Production in bales of 478 pounds net prior to 1946 and 480 pounds thereafter. 2/ Years shown refer to crop years in which major portion of crop was harvested. 3/ Preliminary. 4/ Includes estimates for minor-producing countries not listed above, and allowances for other figures not available. 5/ Figures for 1943 to date are not comparable with prewar figures because of boundary changes. 6/ Pakistan included with India. 7/ South Korea only, after 1941. 8/ Less than 500. 9/ Exports.

Office of Foreign Agricultural Relations. Prepared or estimated on the basis of official statistics, reports of United States Foreign Service officers and results of office research.

until planting was nearly finished. The estimate for the 1951-52 crop of 1,950,000 bales for all Brazil is based on incomplete ginning figures for Sao Paulo and a private estimate of about 250,000 bales for North Brazil. An anticipated decrease of approximately 350,000 bales in South Brazil in 1952-53 may be partly offset by a reported increase of 175,000 in North Brazil where harvest is about completed. A 1952-53 total of 1.8 million bales is tentatively estimated for all Brazil.

In Argentina, acreage in 1952-53 is reported to be "somewhat lower" than in 1951-52. A tentative production figure of 550,000 bales compared with 590,000 a year ago, is being carried until actual estimates become available. Minor changes expected in other Latin American countries include about 20,000 bales increase in Peru (Pima crop) and 13,000 in Colombia nearly offset by decreases of 14,000 in Paraguay and 13,000 in Nicaragua.

Turkey's 1952-53 crop of 780,000 bales is higher by nearly 100,000 bales than in 1951 as a result of improved yields and a moderate increase in acreage. Very little change is noted in other countries of Asia Minor. Poor yields in some areas of India as a result of drought are mainly responsible for a decline in production in 1952-53 to 2,750,000 bales from 3,100,000 a year ago. The 1952-53 crop in Pakistan, estimated at 1.5 million bales, is about 150,000 bales higher than that of a year ago. Most of the increase is attributed to improvement in yield per acre. The China crop is reported to be about 200,000 bales smaller than the estimated production of 3,000,000 bales in 1951-52. Lack of sufficient price incentives is believed to have caused some acreage reduction, and yields were somewhat lower due to planting too early and too close and to unfavorable weather.

Egypt's crop of 1,946,000 bales in 1952-53 is 280,000 bales larger than in the previous year although acreage planted is lower by about 13,000 acres. About 57 percent of the increase in production was in extra-long-staple varieties (mostly Karnak and Menoufi). A preliminary report placed the 1952-53 crop in the Anglo-Egyptian Sudan at 325,000 bales compared with 285,000 a year ago. About 90 percent of this crop is normally of Egyptian type (Sakelaridis) and the remainder is American type. The only other change of significance in Africa is a sharp increase in Tanganyika from 37,000 to 60,000 bales, apparently as a result of an acreage increase.

A summary of the above information indicates that world production of Egyptian-type cotton (including American-Egyptian) in 1952-53 was about 400,000 bales larger than that of a year ago. Production of Asiatic types was down by approximately 400,000 bales and American-Upland (in all countries) apparently was down by nearly 500,000 bales.

This is one of a series of regularly scheduled reports on world agricultural production approved by the Office of Foreign Agricultural Relations Committee on Foreign Crop and Livestock Statistics. It is based in part upon U.S. Foreign Service Reports.

FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
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FC-3-53 April 15, 1953

1952-53 EGYPTIAN ACREAGE CONTROL PROGRAM

The Government of Egypt, in an effort to achieve a better balanced production between wheat and cotton, is requiring farmers to plant more wheat and less cotton. The present acreage program provides for a 19 percent increase in winter wheat acreage (sown in fall of 1952) and a 15 percent decrease in cotton acreage (now being planted), compared with the 1950-52 average plantings.

The Egyptian policy has been to hold wheat prices below those in world markets and to keep cotton prices on a high level. Export taxes, guaranteed minimum prices, and other devices have been used to effectuate these policies. However, substantial stocks of cotton, together with a large 1952-53 production, provide an additional incentive for reducing next season's cotton acreage.

An examination of acreage and production data during the past two decades indicates that the production of Egyptian wheat and cotton may not be completely controlled by adjusting the acreage planted to these crops. It appears that the increase in cultivated acreage in Egypt during recent years has been accomplished by desert reclamation and new irrigation projects and that emphasis has been placed upon expanding acreages in this manner rather than increasing yields per acre. For example, if the average yield per acre of cotton and wheat in the past 3 years had equalled those of the prewar (1935-39) average, the same production could have been attained with 323,000 less acres of cotton and 176,000 fewer acres of wheat.

Trends in area, production, and yields in Egypt since 1935

	COTTON			WHEAT		
Averages	1,000 Acres	1,000 bales 1/	Pounds per acre	1,000 acres	1,000 bushels	Bushels per acre
1935-39	1,821	1,893	499	1,464	45,850	31.3
1940-44	1,162	1,243	513	1,693	43,971	26.0
1945-49	1,367	1,456	511	1,618	42,633	26.3
1950-52	2,049	1,788	419	1,478	41,500	28.1
1953 goals	2/1,739	-	-	3/1,758	-	-

1/ Bales of 500 pounds gross.
2/ Based on 30 percent of 1939 (census) farm-land holdings adjusted for orchard land, pastures, sugar plantations, and rice lands.
3/ Assumption that reduced cotton area has gone into wheat.

During 1952, the weakening demand for Egyptian cotton prompted the abandonment of the minimum price support. Cotton prices declined 42 percent on medium staple and 61 percent on long-staple cotton between mid-January and mid-November 1952. Subsequent to the reorientation of its cotton-price policy, the Egyptian Government announced during the summer of 1952 an increase in the price to be paid to farmers for 1953 wheat delivered to the government collection program. This price, LE5 (2.61 U.S. dollars per bushel) for Hindi type, represents an increase of 67 percent over the rate paid in 1952 and eliminated the disparity between Egyptian wheat and cotton prices (in relation to world price levels) that had existed since 1947.

One of the most difficult problems facing Egyptian agriculture is that of restoring and improving the productivity of individual farms, i.e., increasing yields per acre. This is somewhat complicated by the present policy of "breaking up" the large farms where better farming practices prevail and higher yields per acre are attained. It is difficult to determine the results of the present land reform program in Egypt upon her efforts to grow the bulk of her food needs and produce the desired quantities of cotton for domestic use and export. It would appear that an agricultural extension service might be quite helpful in this country in preventing the change in land tenure from adversely affecting the efficiency in production methods and to assure the carrying of the results of her own and other agricultural research to small farms. The land reform program presents a challenge to national planning to determine long-time goals as well as to evolve the best short-time policy for Egypt's agriculture in an ever-changing world.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
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FC 4-53 April 20, 1953

FOREIGN MARKET NOTES--COTTON

The following information has been summarized from a recent letter received from Carl C. Campbell, Marketing Specialist, Foreign Agricultural Service, who is making a survey of marketing possibilities for United States cotton in Asia. Mr. Campbell is at present in Japan.

Indications are that April-September imports of cotton of all kinds should be at an average rate of not less than 150,000 bales (of 500 pounds gross) a month. Between 50 and 60 percent may be dollar cotton including cotton purchased with the $40 million Export-Import Bank credit announced April 14. How much American cotton may be taken over and above that purchased with Export-Import Bank funds will depend upon United States prices and the availabilities and prices of other suitable growths.

A recent moderate relaxation of restrictions on imports of cotton goods into the sterling area supports expectations that Japan's exports of cotton textiles in 1953 will exceed those of 1952, which however, were substantially lower than in 1951.

Total imports of raw cotton in the 1953-54 season are now expected to be fully as large as in 1952-53 with at least 55 percent to be dollar cotton. Although the Japanese prefer American cotton and consider that a percentage must be bought from the United States, certain types that the United States could supply will be taken from other sources if the United States price is too high.

FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 5-53 April 22, 1953

FOREIGN MARKET NOTES--COTTON

Cotton Situation in Europe [1]

By Francis H. Whitaker
Cotton Marketing Specialist

The countries of Europe, outside the Iron Curtain, consumed about 6.7 million bales of cotton during the 1951-52 season; about 7.2 million bales during the 1950-51 season; about 6.8 million bales during the 1949-50 season; and about 7.4 million bales during the 1938-39 season (see table 1).

During the 1951-52 season these countries imported about 6.5 million bales of cotton; of which about 3.1 million came from the United States; in 1950-51 about 6.6 million bales were imported, of which about 2.4 million came from the United States; and in 1949-50 6.9 million bales were imported, of which 3.7 million came from the United States (see tables 2, 3, and 4).

Europe traditionally has been a large user of United States cotton. During the 15 crop years 1923-24 through 1937-38, with the exception of the 3 seasons 1934-35, 1935-36, and 1936-37, Europe's takings of United States cotton ranged from about 4.4 to 8.4 million bales and averaged about 6 million bales.

Under normal conditions the European countries endeavor to import sufficient cotton to maintain working stocks at from 4 to 6 months' level; under existing world conditions they prefer to maintain stocks at levels higher than normal. However, at the beginning of this crop season (August 1, 1952), stocks were about 20 percent smaller than those held during

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[1] Part of a continuing study of foreign market outlets and competition with United States cotton being conducted by Mr. Whitaker, under the provisions of the Agricultural Marketing Act. Mr. Whitaker is stationed in Paris, France, to report on cotton markets in Western Europe and the Mediterranean area. He acknowledges the help given him by the cotton trade, foreign government officials, and officials at the United States foreign posts in the countries included in this report.

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prewar times (1938). If the United Kingdom, Sweden, and Switzerland are excluded, there was sufficient cotton in Europe on August 1, 1952, for only about 2.2 months' consumption. If these three countries are included, the average stocks were sufficient for about 3.6 months. The stocks of some countries at the beginning of this crop season were very low. Those having less than 3 months' requirements and the approximate number of months for which they were supplied were: Austria (2.4); Denmark (2.9); France (2.5); Germany (1.2); Netherlands (2.4); Norway (2.2); Portugal (1.9); and Spain (1.4).

Stocks of cotton were low on August 1, 1952, because prices in the first half of 1952 were on a down trend from the exceptionally high levels that prevailed during the previous year or more. This situation caused the mills to use up their stocks with the ~~exception~~ expectation of replacing them with cheaper cotton later. Also responsible for the low stocks in mid-1952 were the heavy cotton consumption during the first half of the 1951-52 crop year and the recession in textile demand during 1952 which encouraged importers in these countries to reduce imports of cotton during the first half of 1952.

The 1952 recession in cotton textile production in Europe was brought about by the following:

First, there was a general rush to produce and buy cotton goods after the outbreak of the korean war to prevent being caught with short supplies in the event of another world war. Thus stocks were built up relatively high at all levels of distribution.

Second, a world-wide price drop in cotton occurred in 1952, and buyers of finished goods were reluctant to go ahead with further purchases until they felt that prices had dropped as far as they would go.

Third, restrictions were placed by some countries on imports of textiles in order to protect their own mills. These actions disrupted the normal export pattern of some countries and resulted in reduced production of goods.

Fourth, new textile industries have sprung up in some countries which previously imported textiles. This reduced the market outlets for European goods.

In the 1952-53 crop year the mills have been waiting for cotton prices to reach the botton before they start buying on a normal scale. Cotton prices have been going down nearly every week. Now that cotton in this country has apparently struck botton at about the loan level, the European countries should start filling their needs for United States cotton.

United States cotton is in particular demand in Europe because of its high quality, uniformity in staple length and low waste in spinning. The European mills also know that when they purchase United States cotton they usually receive what they order. Also United States cotton is especially adapted to European spinners' needs, since much of their production is made chiefly from medium-staple lengths. The European spinner is also learning that high-quality United States cotton can be used for the same purpose as cotton of longer staple lengths purchased from other countries. If the European textile mills had freedom in spending foreign exchange earned from their sales of textiles abroad, and could freely exchange their money for United States dollars, our market for cotton in Europe would be more stable.

During the 1951-52 crop year Europe imported about 3.1 million bales of United States cotton, for which it paid about $640 million. About $118 million were Marshall Aid money made available to the national governments, and the cotton was purchased by the mills with local currency. The balance of $522 million, with the exception of $77 million Export-Import Bank credit, represented free dollars which the mills obtained through regular financial sources for additional imports. Some of this balance was allotted by the various governments (most of the countries have a rigid currency control); some came from the free currency markets; some came through governmental-approved purchases of dollar exchange made at premium rates, and some possibly by other means. Some of the countries allow the mills to use a portion of their earnings from textile exports to purchase necessary supplies of raw cotton and yarns.

Much of the non-United States cotton purchased by Europe is bought under bilateral trade and payments agreements which are designed to facilitate the trade. While some trade interests benefit from such arrangements, more often the textile mills do not. At times they even have to pay prices higher than world prices for cotton, which places them at a disadvantage in competing in world textile markets.

So far during the current 1952-53 cotton year, about $190 million in Marshall Aid has been allotted to Europe for economic assistance in purchasing United States cotton. There are also about $36 million of Export-Import loans made last year that were unexpended which may be used this season. Consideration is also being given to requests for other Export-Import loans.

The European countries are in a better dollar position to buy United States cotton this season than last. The defense orders placed with them are helping earn dollars. Also this season's "gray" dollars can be purchased at a 9-percent premium, compared with about 14 percent last year. This in itself is an indication that dollars are more plentiful in Europe.

The European trade expects cotton consumption this season to fall off around 10 percent from last season. But, because of trade agreements and the fact that some other growths are cheaper than United States cotton, Europe may drop its imports of United States cotton to less than 80 percent of the 3.1 million bales it imported last season.

However, as already mentioned, European buyers prefer United States cotton. They are willing to pay slightly more for it than for many other growths, the difference being offset by less waste in spinning and by the fact that United States cotton generally has stronger fibers, which permits the use of shorter staples. Some mill operators feel they can afford to pay from 5 to 10 percent more for United States cotton.

Consumption of cotton goods in many countries is hindered by the high margins of profit for textiles in conjunction with the low wages of most consumers. The margins of profits probably could be lowered all along the line from spinner to ultimate consumer without lowering net profits since the increased sales of textiles should more than offset the reductions in margins. It was also found that many of the European weaving mills were practicing too much diversification in the numbers of patterns produced. One mill had 250 looms operating and each was producing a different pattern of material. The mills need to practice more specialization. If the integration of textiles among the European countries, which is now under study, is ever realized, it would do much to increase cotton textile consumption, since it would bring about more specialization and lower cost of production.

There are still many people in Europe who have not had their textile needs fully supplied. The prices of textiles in Europe are as high or even higher than prices in the United States, and since the European wage scales are considerably lower than those of United States workers, most Europeans are not able to purchase much more than their minimum requirements of textiles. In many European countries the annual per capita consumption runs from 6 to 8 pounds; in some like Spain it is as low as 4 pounds. The average for Europe is about 11.6 pounds, whereas in the United States per capita consumption is about 30 pounds. If each person in Europe could and would buy another shirt it would increase cotton consumption by about 600,000 bales; if each person would also purchase a suit of underwear, another 600,000 bales would be added.

The Europeans say they need our trade rather than our aid. They believe they could raise their standard of living if we would trade with them more. The Europeans say that if they could earn more dollars, stable markets in Europe would be assured--not only for cotton but for many other items like citrus, apples, tobacco, and some of our industrial products.

Table 1.--Western Europe: Consumption of cotton, 1938 and 1949-51

(Bales of 500 pounds gross weight)

Country		Year beginning August 1		
	1938	1949	1950	1951
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria	180	95	99	95
Belgium	321	430	475	413
Denmark	1/ 37	49	47	47
Finland	1/ 63	49	53	58
France	1,316	1,145	1,205	1,202
Western Germany . . .	2/ 1,150	870	1,046	964
Greece	1/ 85	95	114	110
Italy	711	933	985	890
Netherlands	260	275	298	265
Norway	1/ 11	20	20	21
Portugal	1/ 89	165	160	178
Spain	140	274	240	375
Sweden	157	128	135	128
Switzerland	141	140	168	156
United Kingdom	2,690	2,094	2,135	1,753
Total	7,351	6,762	7,180	6,655

Note: For consumption data for 1934 to 1951-52 see tables 5-18.

1/ Calendar year. 2/ All Germany

Source: Compiled from official sources.

Table 2.--Western Europe: Imports of cotton from specified countries, 1938 and 1949-51

(Bales of 500 pounds gross weight)

Country of origin	Year beginning August 1			
	1938 1/	1949	1950	1951
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Mexico	61	104	232	410
United States	2,014	3,702	2,438	3,116
Argentina	87	23	175	12
Brazil	851	499	454	376
Peru	283	134	238	234
India	968	353	441	268
Pakistan	2/	35	150	86
Turkey	72	169	336	314
Anglo-Egyptian Sudan	223	237	227	314
Belgian Congo	207	180	188	165
Egypt	1,262	817	945	466
French Africa	16	104	127	151
Portuguese Africa	49	151	116	142
Other countries	500	393	530	462
Total	6,593	6,901	6,597	6,516

1/ Calendar and crop years (only calendar-year figures available for some importing countries, see table 1). 2/ Included with India.

Source: Compiled from official sources.

Table 3.--Western Europe: Imports of cotton into specified countries, 1938 and 1949-51

(Bales of 500 pounds gross weight)

Country	Year beginning August 1			
	1938	1949	1950	1951
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria	1/ 177	65	102	65
Belgium	1/ 564	455	454	436
Denmark	1/ 40	45	51	47
Finland	73	43	44	67
France	1,029	1,326	1,023	1,206
Western Germany	2/ 1,178	1,047	935	884
Greece	1/ 12	41	15	2
Italy	574	975	978	843
Netherlands	1/ 235	327	272	244
Norway	1/ 15	15	23	18
Portugal	1/ 131	157	146	186
Spain	3/ 60	253	268	386
Sweden	1/ 168	117	140	156
Switzerland	138	155	183	158
United Kingdom	2,199	1,880	1,963	1,818
Total	6,593	6,901	6,597	6,516

Note: Imports into all countries but Greece are broken down by country of origin in tables 5-18.

1/ Calendar year. 2/ All Germany. 3/ Estimated.

Source: Compiled from official sources.

Table 4.-- Western Europe: Imports of United States cotton into specified countries, 1938 and 1949-51

(Bales of 500 pounds gross weight)

Country	Year beginning August 1			
	1938	1949	1950	1951
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria	1/ 102	42	64	35
Belgium	1/ 159	245	153	310
Denmark	1/ 36	29	37	37
Finland	1/ 54	6	2	33
France	381	796	469	353
Western Germany	2/ 196	790	492	466
Greece	1/ 1	39	14	3/
Italy	303	764	537	594
Netherlands	1/ 99	246	176	185
Norway	1/ 14	12	22	18
Portugal	1/ 40	0	3	23
Spain	4/ 18	46	79	186
Sweden	1/ 144	33	52	107
Switzerland	21	60	36	88
United Kingdom	446	594	302	681
Total	2,014	3,702	2,438	3,116

1/ Calendar year.
2/ All Germany.
3/ 300 bales.
4/ U. S. exports to Spain.

Source: Compiled from official sources.

Table 5.--Austria: Cotton consumption and imports of cotton from major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Year	Consumption	Imports							
		United States	India	Egypt	Belgian Congo	Brazil	Switzerland	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Calendar year:									
1934	1/	82	26	20	4	1	0	4	137
1935	1/	93	27	26	9	4	0	1	160
1936	1/	108	23	29	14	5	0	2	181
1937	1/	87	33	32	17	8	0	5	182
1938	180	102	15	29	10	12	0	9	177
1939-45 1/	-	-	-	-	-	-	-	-	-
1946	1/	1	0	0	0	1	5	2	9
Crop year beginning August 1:									
1947	64	1	9	11	0	9	18	7	55
1948	79	54	2/ 12	20	1	2	3	2	94
1949	95	42	2/ 8	12	0	0	3/	3	65
1950	99	64	2/ 4	10	0	1	1	4/ 22	102
1951	95	35	2/3/	1	0	6	3	5/ 20	65

1/ Not available.
2/ Includes Pakistan.
3/ Less than 500 bales.
4/ Includes 12,000 bales from the United Kingdom.
5/ Includes 14,000 bales from the United Kingdom.

Source: Compiled from official sources.

Table 6.—Belgium: Cotton consumption and imports of cotton from major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Year	Consumption	Imports						
		United States	Belgian Congo	Brazil	Egypt	India	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Calendar year:								
1934	1/ 343	103	93	27	14	112	48	397
1935	1/ 377	137	94	24	16	131	43	445
1936	1/ 371	146	117	27	16	167	33	506
1937	1/ 366	181	124	26	24	223	38	616
1938	1/ 321	159	174	28	15	137	51	564
1939	2/	110	120	33	19	101	50	433
1940-43 2/	-	-	-	-	-	-	-	-
1944	40	2/	2/	2/	2/	2/	2/	2/
Crop year beginning August 1:								
1945	274	78	99	28	8	30	3/ 53	296
1946	376	93	60	65	13	65	32	328
1947	405	88	95	59	15	102	42	401
1948	371	146	87	8	12	4/ 27	48	328
1949	430	245	86	5/	13	4/ 16	6/ 95	455
1950	475	153	120	2	23	4/ 12	7/ 144	454
1951	413	310	75	1	7	4/ 2	8/ 41	436

1/ Crop year beginning August 1.
2/ Not available.
3/ Includes 39,000 bales from the United Kingdom.
4/ Includes Pakistan.
5/ Less than 500 bales.
6/ Includes 44,000 bales from Mexico and 25,000 from Peru.
7/ Includes 62,000 bales from Mexico and 30,000 from Peru.
8/ Includes 22,000 bales from Peru and 14,000 from Mexico.

Source: Compiled from official sources.

Table 7.—Denmark: Consumption and imports of cotton from major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Year	Consumption	Imports					
		United States	United Kingdom	Germany	India	All others	Total
	Bales	Bales	Bales	Bales	Bales	Bales	Bales
Calendar year:							
1934	34,000	38,802	609	1,399	196	630	41,636
1935	32,000	32,082	2,673	120	115	95	35,085
1936	40,000	32,910	5,531	117	0	36	38,594
1937	35,000	37,879	3,958	8	0	92	41,937
1938	37,000	35,821	1,793	203	570	1/ 1,748	40,135
1939	2/	34,842	2,326	65	138	3/ 4,523	41,894
1940	2/	2/	2/	2/	2/	2/	15,537
1941-44 2/							-
1945	4/ 27,000	5/	5,987	5/	5/	13,431	19,418
1946	4/ 30,000	5/	19,274	5/	243	12,918	32,435
1947	4/ 34,000	0	4,256	0	741	6/ 26,595	31,592
Crop year beginning August 1							
1948	36,000	31,879	0	0	0	3,688	35,567
1949	49,000	29,152	0	0	220	7/ 15,129	44,501
1950	47,000	36,867	0	0	8/ 1,084	13,540	51,491
1951	47,000	37,442	0	0	0	9,062	46,504

1/ Includes 910 bales from the Netherlands.
2/ Not available.
3/ Includes 2,519 bales from the Netherlands.
4/ Crop year.
5/ If any, included in "All others."
6/ Includes 11,000 bales from Brazil and 6,000 from Egypt.
7/ Includes 11,000 bales from Egypt and 3,000 from Brazil.
8/ Includes Pakistan.

Source: Compiled from official sources.

Table 8.—Finland: Cotton consumption and imports of cotton by major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Year	Consumption	Imports						
		United States	United Kingdom	Germany	Brazil	All others	Total	Crop year total 1/
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Calendar year:								
1934	35	45	9	5	1	2	62	57
1935	47	38	12	2	5	1	58	58
1936	55	49	6	2	3	0	60	62
1937	56	56	5	4	4	1	70	62
1938	63	54	5	2/	5	1	65	73
1939	61	48	3/	3/	5	3	56	43
1940	57	40	3/	3/	3/	6	46	37
1941	28	19	0	0	0	0	19	2
1942	2	1	0	0	0	0	1	-
1943	2/	3/	3/	3/	3/	2/	2/	1
1944	2/	3/	3/	3/	3/	2/	2/	12
1945	10	0	2	3/	0	4/ 25	27	30
1946	23	20	1	3/	7	5/ 11	39	58
1947	1/ 47	28	2	3/	18	1	49	27
1948	1/ 45	35	2/	3/	5	6/ 5	45	63
Crop year beginning August 1:								
1949	49	6	3/	3/	11	7/ 26	43	43
1950	53	2	3/	3/	10	8/ 32	44	44
1951	58	33	0	0	23	11	67	67

1/ Year beginning August 1.
2/ Less than 500 bales.
3/ If any, included in "All others."
4/ Includes 21,000 bales from Sweden and 4,000 from U.S.S.R.
5/ Includes 5,000 bales from Sweden and 5,000 from U.S.S.R.
6/ Includes 2,000 bales from India and 2,000 from Turkey.
7/ Includes 7,000 bales from India and Pakistan.
8/ Includes 19,000 bales from India and Pakistan and 8,000 from Turkey.

Source: Compiled from official sources.

Table 9.— France: Cotton consumption and imports of cotton by major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Crop year beginning August 1	Consumption	Imports						
		United States	Brazil	Egypt	India	French West Africa	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
1934	1,036	542	47	213	193	10	66	1/ 1,071
1935	1,212	759	69	249	237	10	78	1,402
1936	1,192	761	56	216	216	9	76	1,334
1937	1,148	720	66	237	148	13	69	1,253
1938	1,316	381	149	187	196	16	100	1,029
1939	2/	723	112	325	174	10	91	1,435
1940	2/	33	3/	3	27	1	22	86
1941	2/	2	4/	3/	2	22	17	43
1942	2/	2	4/	0	4/	21	17	1/ 40
1943	2/	0	0	1	4/	4/	0	1/ 1
1944	116	356	4/	102	15	5/ 31	0	504
1945	789	993	4/	170	35	5/ 112	4	1,314
1946	1,148	434	93	152	48	5/ 85	2	814
1947	1,103	228	81	214	162	5/ 124	-	809
1948	1,061	701	61	154	6/ 33	5/ 128	2	1,079
1949	1,145	796	28	202	6/ 141	5/ 104	7/ 55	1,326
1950	1,205	469	8/ 112	109	6/ 99	5/ 127	9/ 107	1,023
1951	1,202	353	8/ 84	129	6/ 70	5/ 151	10/ 419	1,206

1/ Calendar year. Only available source. 2/ Not available. 3/ Less than 500 bales. 4/ If any, included in "All others." 5/ Reported as "French Colonial" imports. 6/ Includes Pakistan. 7/ Includes 54,000 bales from Turkey. 8/ Includes Argentina. 9/ Includes 68,000 bales from Turkey and Uganda. 10/ Includes 168,000 bales from Turkey and Uganda and 201,000 from Mexico.

Source: Compiled from official sources.

Table 10.—Germany:1/ Consumption and imports of cotton from major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Crop year beginning August 1	Consumption	Imports										
		Argentina	Brazil	Belgian Congo	Egypt	India	Iran	Peru	Turkey	United States	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
1934 . . .	954	26	38	21	204	160	29	52	26	875	31	2/ 1,462
1935 . . .	1,135	52	233	19	162	131	22	105	74	422	114	1,334
1936 . . .	1,021	32	212	5	156	128	3/	84	40	232	95	984
1937 . . .	1,071	27	404	5	202	101	4/	88	17	292	81	1,217
1938 . . .	1,150	87	336	10	209	123	35	68	29	196	85	1,178
1939 2/ . .	5/	64	318	16	139	90	30	65	21	214	101	1,058
1940 2/ . .	5/	7	26	5	0	0	33	4	0	18	6/ 403	496
1941 2/ . .	5/	4/	3/	4/	3/	4/	68	4/	4	3/	7/ 317	389
1942 2/ . .	5/	4/	4/	4/	0	4/	0	4/	4	0	8/ 88	92
1943-48 5/	-	-	-	-	-	-	-	-	-	-	-	-
1949 . . .	870	4/	4	18	70	9/ 49	10	10	75	790	21	1,047
1950 . . .	1,046	3	26	4	87	9/ 42	28	20	173	492	60	935
1951 . . .	964	3/	65	37	59	9/ 34	11	9	131	466	72	884

1/ Prior to 1949 includes all Germany.
2/ Calendar year.
3/ Less than 500 bales.
4/ If any, included in "All others."
5/ Not available.
6/ Includes 290,000 bales from U.S.S.R., 33,000 from the Netherlands, and 27,000 from Belgium.
7/ Includes 260,000 bales from U.S.S.R. and 36,000 from France.
8/ Includes 44,000 bales from U.S.S.R. and 22,000 from France.
9/ Includes Pakistan.

Source: Compiled from official sources.

Page 13, Table 11, 1951 should show imports from Mexico as 30, All others 54, Total 843.

Table 11.—Italy: Consumption and imports of cotton jor countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Crop year beginning August 1	Consumption	Imports						
		United States	Brazil	Egypt	India	Mexico	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
1934	814	403	11	143	150	0	25	732
1935	623	401	9	134	122	0	20	686
1936	619	488	34	130	66	1	34	753
1937	700	485	15	120	71	1/	35	776
1938	711	303	44	105	51	4	57	574
1939	643	410	46	109	35	1	63	664
1940	476	40	4	2	2	0	6	54
1941	115	8	1/	1/	1/	0	2	10
1942	60	1	2/	2/	2/	0	4	3/ 5
1943	51	4/	4/	4/	4/	4/	4/	4/
1944	9	4/	4/	4/	4/	4/	4/	4/
1945	345	5/ 282	97	80	0	1/	33	5/ 492
1946	884	573	219	237	18	1	79	1,127
1947	873	225	102	198	6/ 92	2/	22	639
1948	913	573	82	99	6/ 50	49	29	882
1949	933	764	1	117	6/ 34	33	26	975
1950	985	537	3	176	6/ 83	50	7/ 129	978
1951	890	594	3	101	6/ 61	54	843	30

1/ Less than 500 bales.
2/ If any, included in "All others."
3/ Calendar year.
4/ Not available.
5/ It is thought that about 100,000 bales of additional cotton came in during this season for which no records are available. It is felt that most of it was of United States origin.
6/ Includes Pakistan.
7/ Includes 40,000 bales from Argentina.

Source: Compiled from official sources.

Table 12.—Netherlands: Consumption and imports of cotton from major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Year	Consumption	Imports: United States	Brazil	India	Belgium	Egypt	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Calendar year:								
1934	1/ 190	94	13	39	10	4	34	194
1935	1/ 220	72	13	33	18	3	41	180
1936	1/ 246	77	19	39	24	3	57	219
1937	1/ 260	124	13	49	28	7	56	277
1938	1/ 260	99	28	36	38	6	28	235
1939	1/ 258	106	44	36	34	7	39	266
Crop year beginning August 1:								
1940-44 2/	-	-	-	-	-	-	-	-
1945	114	63	30	24	3	1	17	138
1946	182	104	38	27	10	6	32	217
1947	220	69	40	3/ 27	2	8	57	203
1948	245	142	10	3/ 28	5	9	44	238
1949	275	246	3	3/ 22	35	13	8	327
1950	298	176	8	3/ 11	28	21	4/ 28	272
1951	265	185	12	3/ 3	21	7	15	244

1/ Crop-year basis.
2/ Not available.
3/ Includes Pakistan.
4/ Includes 10,000 bales from Argentina.

Source: Compiled from official sources.

Table 13.—Norway: Cotton consumption and imports of cotton from major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Year	Consumption	Imports						
		United States	United Kingdom	Brazil	Germany	Sweden	All others	Total
	1,000 bales	bales	bales	bales	bales	bales	bales	bales
Calendar year:								
1934	11	10,980	429	0	475	113	218	12,215
1935	11	11,935	38	524	323	5	498	13,323
1936	11	15,269	61	1/	131	14	1,200	16,675
1937	12	14,878	24	254	22	1/	1,610	16,788
1938	11	13,786	32	195	59	1/	1,108	15,180
1939	2/	14,678	90	1,943	1/	1/	1,604	18,315
1940 2/	-	-	-	-	-	-	-	-
1941 2/	-	-	-	-	-	-	-	-
1942	2/	230	0	0	68	0	468	766
1943	2/	0	0	0	216	0	1,320	1,536
1944	-	0	0	0	11	0	156	167
1945	3/ 13	6,652	1,041	14,981	0	2,122	954	25,750
1946	3/ 15	872	0	2,234	0	0	1,905	5,011
Crop year beginning August 1:								
1947	16	3,282	43	7,240	0	0	4/ 3,744	14,309
1948	17	14,811	1/	2,604	1/	1/	4,239	21,654
1949	20	12,098	1/	1,396	1/	1/	1,130	14,624
1950	20	22,400	1/	1/	1/	1/	854	23,254
1951	21	17,931	0	0	0	0	119	18,050

1/ If any, included in "All others."
2/ Not available.
3/ Crop year.
4/ Includes 1,726 bales from Peru and 1,576 from India.

Source: Compiled from official sources.

Table 14.—Portugal: Consumption and imports of cotton from major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Year	Consumption	Imports						
		United States	Brazil	Egypt	India	Portuguese colonies 1/	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Calendar year:								
1934	79	51	25	3	3	12	6	100
1935	79	59	20	5	4	14	6	108
1936	98	44	11	6	4	25	5	95
1937	95	36	31	9	8	52	3	139
1938	89	40	28	8	3	49	3	131
1939	89	8	19	9	2	50	0	88
1940	107	18	41	10	3	39	0	111
1941	122	16	41	3	1	45	1	107
1942	100	0	12	6	1	86	1	106
1943	86	0	0	4	0	79	0	83
1944	96	0	15	6	0	133	0	154
Crop year beginning August 1:								
1945	134	0	3	2	1	134	0	140
1946	149	0	0	7	0	110	0	117
1947	157	0	14	5	0	149	0	168
1948	149	0	32	6	2	112	1	153
1949	165	0	1	5	2/	151	2/	157
1950	160	3	19	6	3/	117	1	146
1951	178	23	9	4	2/	143	7	186

1/ Angola and Mozambique.
2/ Less than 500 bales.
3/ If any, included in "All others."

Source: Compiled from official sources.

Page 17, Table 15, footnote 3/ should read "Crop year."
Footnote 3/ shown under Brazil (1939-41) should be footnote 7/
and read "If any, included in 'All others."

Table 15.--Spain: Consumption and imports of cotton from major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Year	Domestic raw cotton production	Consumption	Imports					
			United States	Brazil	Egypt	India	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Calendar year:								
1934	8.3	435	298	0	82	59	18	457
1935	11.7	363	255	0	109	50	33	447
1936	1/	82	1/	1/	1/	1/	1/	1/
1937	1/	152	1/	1/	1/	1/	1/	1/
1938	1/	140	1/	1/	1/	1/	1/	2/ 60
1939	6.4	1/	32	3/	5	3	18	58
1940	6.9	112	245	3/	23	5	54	327
1941	13.5	266	0	3/	26	0	205	231
1942	19.0	395	0	194	0	3	94	291
1943	21.4	1/	182	137	0	0	70	389
1944	3/ 25.8	445	214	32	14	0	110	370
1945	3/ 7.8	351	335	92	5	29	48	509
1946	3/ 22.8	324	113	132	7	24	33	309
1947	3/ 14.0	333	3	114	35	100	0	252
Crop year beginning August 1:								
1948	30.5	425	65	152	27	4/ 25	41	310
1949	14.0	274	46	89	20	4/ 23	75	253
1950	28.0	240	79	15	48	4/ 55	5/ 71	268
1951	30.0	375	136	9	56	4/ 20	6/ 115	386

1/ Not available.

2/ Estimated.

3/ If any, included in "All others."

4/ Includes Pakistan.

5/ Includes 26,000 bales from Argentina.

6/ Includes approximately 88,000 bales of Mexican cotton transhipped from the United States.

Source: Compiled from official sources.

Table 16.—Sweden: Consumption and imports of cotton from major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Year	Consumption	Imports: United States	Imports: Germany	Imports: Egypt	Imports: Brazil	Imports: All others	Imports: Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Calendar year:							
1934	1/ 100	96	37	8	2/	8	149
1935	1/ 100	89	25	8	2/	6	128
1936	1/ 110	132	3/	10	3	4	149
1937	1/ 120	127	3/	15	9	6	157
1938	1/ 157	144	3/	13	6	5	168
1939	4/	181	3/	18	12	5	216
1940	1/ 97	87	3/	4	2/	2	93
1941	1/ 74	72	3/	0	3	1	76
1942	1/ 65	11	3/	1	133	3	148
1943	1/ 65	0	0	0	79	5	84
1944	1/ 78	5	0	0	153	2	160
1945	1/ 75	1	0	2/	37	18	56
1946	1/ 120	8	0	6	53	19	86
1947	1/ 121	27	0	3	35	15	80
Crop year beginning August 1:							
1948	116	1	3/	16	53	5/ 37	107
1949	128	33	3/	11	52	21	117
1950	135	52	3/	9	26	6/ 53	140
1951	128	107	3/	1	12	7/ 36	156

1/ Crop year.
2/ Less than 500 bales.
3/ If any, included in "All others."
4/ Not available.
5/ Includes 11,000 bales from Turkey, 10,000 from Belgium, and 7,000 from Pakistan.
6/ Includes 23,000 bales from Mexico.
7/ Includes 22,000 bales from Mexico.

Source: Compiled from official sources.

Table 17.--Switzerland: Consumption and imports of cotton from major countries of origin, year beginning August 1, 1934-51

(Bales of 500 pounds gross weight)

Crop year beginning August 1	Consumption	Imports							
		United States	Brazil	Egypt	India	Mexico	Peru	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
1934 . . .	114	31	2	67	10	0	3	5	118
1935 . . .	110	34	1	56	11	0	3	10	115
1936 . . .	132	37	2	78	17	1/	3	13	150
1937 . . .	131	44	1	78	8	0	3	16	150
1938 . . .	141	21	1	87	11	1/	5	13	138
1939 . . .	2/	81	2	72	9	0	5	11	180
1940 . . .	96	6	1/	1	1/	0	1	38	46
1941 . . .	47	9	1	5	1	0	1/	8	24
1942 . . .	2/	1	1	5	1	0	0	0	3/ 8
1943 . . .	2/	-	-	-	-	-	-	-	1/
1944 . . .	8	-	-	-	-	-	-	-	1/
1945 . . .	86	30	32	27	5	1	51	25	171
1946 . . .	123	10	25	39	7	4/	28	18	127
1947 . . .	141	6	24	32	13	10	28	20	133
1948 . . .	132	45	5	19	1	4	18	11	103
1949 . . .	140	60	2	38	1	20	22	12	155
1950 . . .	168	36	5	46	1	36	24	35	183
1951 . . .	156	88	1/	29	1	10	17	13	158

1/ Less than 500 bales.
2/ Not available.
3/ Calendar year.
4/ If any, included in "All others."

Source: Compiled from official sources.

Table 18.—United Kingdom: Consumption and imports of cotton from major countries of origin, year beginning August 1, 1934-51

(Bales of 500 pounds gross weight)

Crop year beginning August 1	Consumption	Imports								
		United States	Egypt	India	Brazil	Peru	Anglo-Egyptian Sudan	British West Africa	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
1934	1/ 2,591	782	481	338	263	170	115	65	139	2,353
1935	1/ 2,836	1,452	593	463	178	164	138	68	117	3,173
1936	1/ 3,037	1,219	655	537	290	187	159	66	210	3,323
1937	1/ 2,550	1,643	591	301	214	177	144	48	82	3,200
1938	1/ 2,690	446	603	395	214	192	217	56	76	2,199
1939	1/ 2,993	1,982	645	381	304	201	56	69	108	3,746
1940	1/ 2,110	432	230	241	125	44	61	72	137	1,342
1941	1,775	811	638	533	229	37	197	103	161	2,709
1942	1,500	1,009	241	117	53	37	53	119	87	1,716
1943	1,675	663	417	174	326	76	211	46	177	2,090
1944	1,570	685	335	185	202	25	205	73	88	1,798
1945	1,611	306	312	141	523	115	194	98	203	1,892
1946	1,682	490	367	145	402	75	158	49	125	1,811
1947	1,934	292	379	164	121	36	136	89	101	1,318
1948	2,004	753	517	2/ 113	323	104	253	93	91	2,247
1949	2,094	594	320	2/ 62	295	75	234	61	239	1,880
1950	2,135	302	410	2/ 133	227	136	214	69	472	1,963
1951	1,753	681	72	2/ 77	152	119	308	53	356	1,818

1/ Calendar-year basis.
2/ Includes Pakistan.

Source: Compiled from official sources.

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FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 6-53 April 24, 1953

FOREIGN MARKET NOTES--COTTON

The following information has been summarized from a recent letter received from Carl C. Campbell, Marketing Specialist, Foreign Agricultural Service, who is making a survey of marketing possibilities for United States cotton in Asia. Mr. Campbell is at present in Japan.

The Export-Import loan funds will be fully utilized before September 30, 1953, the reported termination date for shipments against the loan. The Japanese spinners are asking the Japanese banks to assume the additional interest cost and to let the spinners have the new loan funds at the same rate (4 3/4 percent) as the previous Export-Import funds were made available to the spinners, but it is reported that the banks are insisting upon receiving the same service charges as they received on the last Export-Import funds, which will result in a cost to the spinners of 5½ percent for the new Export-Import funds. It is reported that about one-half the funds will be utilized immediately but that the remainder will not be utilized until later when the outlook for the new crop can be more accurately gauged.

The Japanese Government has agreed to provide funds for up to 650,000 bales (400 pounds gross) of Pakistani cotton during the period April 1, 1953-March 31, 1954, but made no commitment to purchase this quantity as procurement would be on a commercial basis and Japanese spinners would buy only if Pakistani sellers offer on competitive basis. It is to be hoped that American cotton will be able to compete price-wise with cotton of other growths. In return for Japan's consideration regarding cotton, Pakistan agreed to issue import licenses for £5½ million (pounds sterling) of cotton fabric and £1 million of cotton yarn from Japan exclusively. Also, Japan will have the opportunity to compete for an additional £1½ million of fabric and £2½ million of yarn. The Japanese consider that Japan will be able to sell Pakistan most of the textiles which Pakistan intends to import as there is a big demand for textiles in Pakistan and the Japanese consider that Japanese prices will be competitive. Total trade under the agreement will approximate £30 million each way. Although the Japanese are not satisfied with the quantity of textiles that Pakistan plans to import, they consider that Japan will get her share of the business.

The Japanese business people are disturbed about the position taken by Hong Kong, and reportedly taken by British East and West Africa, in regard to the continuation of the restrictions on the import of textiles from Japan even though the United Kingdom recently agreed to relax import restrictions concerning Japan. The cotton spinners have asked the Japanese Government to dispatch a representative to London to appeal to the Colonial Office to relax import restrictions in the British dependencies so that Japanese cotton textiles can move into such markets more readily.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

MAY 25 195
U.S. DEPARTMENT OF AGRICULTURE

FC ~~11~~ 7-53 May 12, 1953

FOREIGN MARKET NOTES--COTTON

The following information has been received from Carl C. Campbell, Marketing Specialist, Foreign Agricultural Service, who is making a survey of marketing possibilities for United States cotton in Asia. Mr. Campbell is at present in Japan.

The Japanese Government has budgeted $98,790,000 (which includes the $40,000,000 Export-Import loan) to cover the importation of cotton from dollar sources during the period April-September 1953. At the time the $40,000,000 of Export-Import funds are allocated, the Japanese Government plans to allocate about $10,000,000 additional to cover imports of cotton from Nicaragua, Mexico, Egypt, Turkey, etc. under back-to-back compensating deals (barter). The remaining $48,790,000 for the April-September period will not be allocated to the mills until June or July and will likely be used for new-crop American and Mexican cotton, depending upon the price situation at that time and the type cotton desired by the mills. The budget for cotton for the period, October 1953 to March 1954, has not been decided yet but it is expected that it will be at least as large as the budget for the April-September period unless something unforeseen occurs. If cotton textile export business picks up during the next couple of months, it is likely that the October-March budget for cotton would be increased as domestic business is expected to continue at about the present level.

Approximately 50,000 bales of Argentine cotton have been purchased by the Japanese for shipment March-June but it seems that so far shipment is running behind schedule.

According to reports, the Japanese do not consider that they could use very much of the Brazilian cotton which is permitted for export even if the price were very low. They say that Grade 5 and the grades below are too low-grade for their production and that they would only use such cotton in quantity if they had to do so but would not do it by choice. Therefore, unless the Brazilian Government permits shipment of higher grade cotton, they do not consider that Japan will import very much cotton from Brazil.

Several firms are still negotiating with the Turks for cotton in exchange for Japanese goods so it is expected that some Turkish cotton will be imported soon but it is not expected that Japan will take anywhere near the 150,000 bales which the Turks would like for Japan to take. The prices quoted for Turkish cotton so far have been too high and even though the Turks are willing to pay somewhat higher than average prices for Japanese goods in return, no substantial business appears to have been finalized to date.

About the only cotton business that has been done recently has been a few thousand bales of barter business with Nicaragua, Mexico, etc.

According to reports, the Japanese Government agreed to allocate funds for cotton from Pakistan as follows:

April 1-June 30, 1953	150,000 bales
July 1-September 30, 1953	100,000 bales
October 1-December 31, 1953	275,000 bales
January 1-March 31, 1954	125,000 bales
Total (April 1953-March 1954)	650,000 bales

The spinners have advised the Government that they will buy the Pakistani cotton only if it is offered on a competitive basis.

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FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 8-53 May 19, 1953

FOREIGN MARKET NOTES--COTTON

The following information has been received from Carl C. Campbell, Marketing Specialist, Foreign Agricultural Service, who is making a survey of marketing possibilities for United States cotton in Asia. Mr. Campbell is at present in Japan.

It is reported that Syria has agreed to sign a treaty of commerce, friendship and navigation with Japan, provided Japan agrees to import 20,000 bales of cotton from Syria. It is not known whether Syria's proposition is a "one-shot" proposal or whether Japan would be expected to import 20,000 bales of Syrian cotton annually.

The Japanese Government and certain private interests are anxious for the Osaka Sampin (Commodity Exchange) to resume trading in raw cotton futures. It is considered that this would do a great deal to stabilize the Japanese cotton textile situation, for at present, few people hedge their positions and sometimes the local market runs counter to the world market which makes it hard for Japanese goods to compete when the world market declines. For instance, when a mill has a substantial inventory of high-priced, un-hedged cotton, it continues to quote sales prices for textiles based upon the cost of the raw cotton at the time of purchase rather than on the current market price for cotton. Then too, some of the mills have ultimately had to take substantial losses in inventory due to the speculative position which resulted from holding un-hedged cotton. However, due to the fact that foreign exchange for cotton is allocated to the spinners and production of cotton textiles is limited by the Japanese Government, the Japanese Government has not permitted the Sampin to trade in cotton futures and the spinners have not considered it feasible to hedge in yarn futures, which type trading is permitted, as the market is so "narrow" that substantial sales by just one of the big spinners would drive the market down considerably. Some people think that if from 200,000 to 300,000 bales of "buffer stock" cotton could be maintained in Japan for tendering purposes it would be sufficient for the Osaka Sampin to begin futures trading in raw cotton. It is considered that if such stocks were available, futures trading could still be carried on even though the Japanese Government might continue to allocate foreign exchange for cotton to the mills and to control the production of cotton textiles. In view of the foregoing, the Japanese are especially interested in the possibility that cotton may be consigned to Japan after on-shore dollar insurance is available.

Since a lot of California cotton is ultimately sold to Japan, it would appear that people who control it might ship it to Japan for storage instead of to the Gulf as they have done in the past.

The synthetic textile industry in Japan is developing rapidly as is shown by the following figures:

	1952 Production (Actual) 1,000 pounds	1953 Production (Estimate) 1,000 pounds
Rayon filament	142,187	144,000
Staple fiber	262,195	312,000
Vinylon	n.a.	5,000
Other synthetic fibers	n.a.	n.a.

According to reports, the Japanese plan to increase Vinylon production to around 100 million pounds within the next 5 to 10 years. They are already producing Nylon under license and it is reported that they are negotiating for licenses to produce Orlon and Dacron. In addition, they are already producing, on a limited scale, certain synthetic fibers which they have developed themselves. In case Japan's foreign exchange position becomes very tight, some people expect that the Japanese Government will restrict the use of cotton and wool, which have to be imported, and encourage the use of synthetics, which can be produced almost entirely from domestic raw materials. In fact, some circles are encouraging the Japanese Government to establish tariffs which will protect the synthetic fiber industry during the coming years so that it can establish itself on firm footing in the eventuality that the Japanese Government does find it necessary to restrict the use of cotton and wool. The Japanese consuming public prefers cotton to synthetics and, at present, in Japan synthetics compete more with wool than they do with cotton.

Although the Japanese Government has stated that it will start a new system of allocation for cotton beginning with the July-September period, the details of the plan have not been worked out as yet, but it is understood that the policy will be to offer some incentive for spinners whose products are exported.

In order to relieve Japan's current Sterling shortage, the United Kingdom recently agreed to provide Sterling usance, to swap from £20 to £30 million pounds Sterling for dollars for a given period, and to permit Japan to receive Sterling from certain countries outside the Sterling Area for certain types of transactions which will be approved by the Bank of England on an administrative basis. These actions should relieve

Japan's temporary shortage of Sterling but they will not assist in the long-range problem, which for solution will require some relaxation in the import restrictions applied by the Sterling Area against imports of Japanese goods. Although Hong Kong recently relaxed its regulations to permit trade in Japanese goods, the Sterling Area is generally still restricting imports of Japanese goods. If Japan stays short of Sterling, there will be less inclination for Japan to buy Pakistani cotton unless it is offered at very advantageous prices.

FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 9-53 May 28, 1953

FOREIGN MARKET NOTES--COTTON

The following information has been received from Carl C. Campbell, Marketing Specialist, Foreign Agricultural Service, who is making a survey of the market for United States cotton in Asia.

Brazil has been offering limited quantities of high grade cotton to Japan and the Japanese bought small quantities in mid-May but, according to reports, the Japanese have not bought any of the lower grades as yet for the Japanese require only limited quantities of the low grades. However, if the Brazilians get their prices down low enough on the low grades, the Japanese might buy from 10,000 to 30,000 bales. It is reported that the Brazilian Government has confirmed only those sales which were made on a fixed-price basis and that sales to Japan so far total less than 10,000 bales. Although the Brazilian Government has not confirmed any "On Call" sales, some shippers are still offering on that basis. The Brazilian Government reportedly has only agreed to permit shipment on the basis of 90 percent old crop and 10 percent new crop but some shippers consider that the government might be persuaded to allow shipment of up to 20 percent new crop. Shipment must be completed within 60 days after sale is made and price must be fixed and credit opened before shipment can be made. Cost of freight and insurance from Brazil to Japan is presently around 180 points. So far the Japanese have shown little interest in qualities lower than Type 5. Since the Japanese bought around 70,000 bales of Argentine cotton in February-March and since the Japanese anticipate buying Pakistani cotton as soon as Japan's sterling balance builds up, it is not anticipated that Japan will buy low grades of Brazilian unless the price at which it is offered is very attractive.

So far, the Japanese Government has allocated Ex-Im funds to cover approximately 120,000 bales of American. The remainder of the $40 million will be allocated to those mills who manufacture for export, and the allocations will be issued as soon as the Japanese Government calculates each mill's share. This might take several weeks, depending upon the criteria that the Japanese Government decides to use as a basis for the individual allocations for, if the Japanese Government uses exports in recent months as a basis, it will take some time to compile the necessary data.

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It is reported that Egyptian cotton has been recently offered c.i.f. to Japan for June-July shipment as follows:

Description	U.S. cents per pound
Karnak FG plus 1/4	44.80
Karnak FG	43.68
Karnak FG minus 1/4	42.38
Giza 30 G plus 1/4	40.65
Ashmouni FG	34.60
Ashmouni FG minus 1/4	33.95
Ashmouni G to FG	33.70.

Although an organization has been established to buy surplus inventories of export cotton textiles so that the textiles will not be offered at distress prices and depress Japanese export prices for cotton textiles, so far the organization has not purchased any textiles as Japanese prices are currently above world market prices and the policy of the organization will be to buy only when Japanese goods are being offered at prices which are too low compared with world market prices. The purpose of the organization will be to buy goods which sellers might offer at distress prices because of their tight financial positions. The Japanese consider that such offers have depressed Japanese export prices in the past and that the new organization will help stabilize Japanese cotton textile export prices and diminish the possibilities of radical price fluctuations. Inventories which the organization purchases will be liquidated when the export market is firm. The spinners subscribed the capital for the new organization.

FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 10-53 June 5, 1953

PLAN ANNOUNCED FOR SALE OF BANK OF BRAZIL'S STOCKS OF 1952 COTTON

The Cotton Commission (Comissao de Assuntos de Algodao), which was created some time ago by the Council of the Superintendency of Money and Credit (Conselho de Superintendencia da Moeda e Credito) to prepare for that body a plan for the disposal of the Bank of Brazil's stocks remaining from the 1952 cotton crop, has now publicly reported the results of its studies. The Commission's recommendations have subsequently been accepted by the Council of the Superintendency and published in the Diario Oficial of May 12, 1953, as instructions to the Bank of Brazil.

In substance the directive establishes a 2-price system for the sale of the stocks held by the Bank. To domestic buyers prices are to be the same as those quoted for spot cotton by the Sao Paulo Commodity Exchange but in no case less than the minimum established by decree law on December 3, 1952, which at the official rate of exchange is equivalent to 37.84 U. S. cents a pound net weight, equivalent to approximately 35-3/4 U. S. cents a pound on the American gross-weight basis.

For export, prices are to be based on futures contracts of the New York Cotton Exchange. Type 5 f.o.b. Santos (net weight) is priced even with the New York near-month quotation plus usual expenses of f.o.b. delivery from warehouse. The price of Type 5 c.i.f. European ports is fixed initially at 250 points (i.e. 2.5 U. S. cents a pound) higher than the f.o.b. price, and premiums and discounts are specified for higher and lower grades. These "bases" are subject to revision at intervals of 15 days. Type 5 is declared to be equivalent to Middling light spotted cotton according to official standards of the United States.

All exchange is to be negotiated through the Bank of Brazil, and no indication is yet given that this will be at other than official rates. The Cotton Commission will pay no brokerage on sales realized. Customary brokerage fees for transactions passing through the Sao Paulo Cotton Exchange are one-half of one percent from each of the two principals involved.

An informal translation of the published directive follows.

Based on a report by J. G. Gossett, American Consulate General, Sao Paulo. A Late News item on the same subject appeared in Foreign Crops and Markets, June 1, 1953.

RULES APPROVED BY THE COUNCIL OF THE SUPERINTENDENCY OF MONEY AND CREDIT [1]

The Council of the Superintendency of Money and Credit has approved the following general rules proposed by the Cotton Commission (Comissao de Assuntos de Algodao) [2] for the sale of the cotton in the possession of the Bank of Brazil:

There will be two kinds of cotton sales: (a) sales to domestic markets; (b) sales to foreign markets.

DOMESTIC MARKET: The rules to be observed for sales to the domestic market are as follows:

1. The sales price will be not less than the spot quotation of the Sao Paulo Commodity Exchange (Bolsa de Mercadorias de Sao Paulo); but it also cannot be less than the minimum stipulated by the federal government in its decree law No. 31.871 of December 3, 1952. [3]

2. Sales may be made directly to factories, to commercial cotton firms, or to other persons considered juridically as public or private persons.

3. Cotton will be delivered in "current" lots with the exception that sales may be made of specified types of cotton if that procedure will not burden its delivery unduly or cause other inconveniences.

4. "Current lots" means cotton in the order in which it was received and stored according to the "ALG's" [4] of the Bank of Brazil.

5. Payment will be made in cash, within 5 days after the transaction is closed, against delivery of the usual documents of the public or other authorized warehouses.

6. Fifteen days will be allowed for removal of the cotton purchased, and during that time no charge for insurance or warehousing will be made. The 15 days are to be counted from the day of payment.

7. The operation will be liquidated by weighing the cotton when it leaves the public or other authorized warehouse.

8. The classification of the cotton will be that shown on the official certificates given by the Sao Paulo Commodity Exchange for those cottons originating in the State of Sao Paulo and that shown on certificates given by the State Agricultural Secretariats or the Federal Ministry of Agriculture for cottons originating in other states of the "meridional" (i.e., southern) region of Brazil.

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[1] The top advisory body in Brazil on matters of money and credit.

[2] A special commission recently formed by the Council.

[3] 230.00 cruzeiros per arroba of 15 kilograms (37.84 U. S. cents a pound at official rates of exchange) for Type 5 lint.

[4] An abbreviation of the word "algodao"--apparently the Bank's designation for its warehouse invoice.

9. Arbitration will only be permitted on a complete-lot basis.

10. Cases passed over ("casos omissos") will be settled by the Cotton Commission, which will base its action on the rules issued by the Sao Paulo Commodity Exchange governing lint cotton transactions for direct delivery.

11. Execution of sales and respective deliveries for 1952 cottons acquired by the Bank of Brazil in the south of the country will be made by the competent authorities of the Bank of Brazil, which will issue appropriate instructions to its branches.

12. The spot price at which the transaction will be closed will be fixed in the following manner: (a) if the transaction is closed by 10:00 a.m., the preceding day's quotation will prevail; (b) for transactions closed as of or subsequent to that hour the quotation of the day of the closing of the transaction will be valid.

FOREIGN MARKETS

1. Sales to foreign markets will be made under the following conditions: (a) cotton f.o.b. Santos or c.i.f. ports of destination; (b) cotton stocked in warehouses in the capital of the State of Sao Paulo.

2. For f.o.b. sales, the minimum price for Type 5 will be that of the near-month "futures" quotations on the New York Exchange for Middling 15/16", plus the usual charges for delivery of the product for f.o.b. U. S. shipping ports.

3. For c.i.f. sales, the basis will be the f.o.b. price plus the expenses of delivering the commodity to the ports of destination (see premiums and discounts, page 5).

4. For sales "stocked warehouse Sao Paulo" the price will be that for f.o.b. as described above, less the usual expenses from the Sao Paulo warehouses to port as adopted by the Fiscalizacao Bancaria 5/.

5. The values of types and half-types higher or lower than the basic 6/ Type 5 will be calculated according to their respective "bases" on the international markets, and the Fiscalizacao Bancaria be duly so informed.

6. Sales will be made in quantities and qualities previously established between the Commission and the exporting buyer.

5/ That section of the Bank of Brazil charged with administration of laws and decrees regulating private firms and individuals in matters of finance and exchange colloquially called "FIBAN."

6/ This and other similar reference to "types" and "half-types" pertains to the traditional classification system used by the Bolsa de Mercadorias de Sao Paulo (Sao Paulo Commodity Exchange).

7. Once the sale is made, the exporting buyer will remit to the Cotton Commission within 5 days a copy of the declaration of sale to the Fiscalizacao Bancaria, duly authenticated.

8. The Fiscalizacao Bancaria will not accept declarations of sales at prices less than those established by the Cotton Commission and approved by the Council of the Superintendency of Money and Credit.

9. No sales declaration whatsoever, once registered with the Fiscalizacao Bancaria, can be canceled without the approval of the Cotton Commission, it being necessary at the end of each month to transmit a list of all delayed shipments.

10. Except for justified causes and at the discretion of the Cotton Commission, no new sales will be made to buyers whose shipments are delayed, unless the exchange has already been paid.

11. For export sales 30 days will be granted for removing the goods from the warehouses; expenses of storage and insurance will be for the account of the buyer if the above-stipulated time is exceeded.

12. Full payment is to be made within 10 days, counting from the date of the sales declaration.

13. The exchange originating from those sales made for export by the Cotton Commission will be negotiated, i.e. converted, through the Bank of Brazil.

General Dispositions:

The Cotton Commission will pay no brokerage for sales realized.

The present rules and the powers of the Cotton Commission do not refer to declassified cottons or to cotton residues which belong to the Bank of Brazil, and which will continue to be sold by that institution in the form most convenient to it.

INSTRUCTIONS TO THE FISCALIZACAO BANCARIA

The following additional instructions to the Fiscalizacao of the Bank of Brazil, which had been proposed by the Cotton Commission, were also approved by the Council of the Superintendency of Money and Credit:

1. The Fiscalizacao Bancaria of the Exchange Department of the Bank of Brazil accepts up to now the registry of declarations [7] of cotton sales if they stipulate prices not less than that of spot cotton on the Sao Paulo market or to the "future" quoted by the Sao Paulo Commodity Exchange on the date of the respective operations.

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[7] This phrase apparently means "previous registrations."

2. Upon the approval of the rules for cotton sales by the Cotton Commission, this above-mentioned criterium must be revised, at least for that period when the international cotton market's prices remained well below those quoted internally (spot in Sao Paulo and other cities of the country).

3. Under these circumstances, and in order to guarantee indispensable uniformity in judgment as to what is meant by the phrase "the f.o.b. parity of international prices," the Cotton Commission suggests to the Fiscalizacao Bancaria the following:

   I. The FIBAN (Fiscalizacao Bancaria) when registering cotton sales for export will adopt, as a basis for calculation of their respective values, the quotations of the near active month for "future" on the New York Exchange for shipments within 60 days.

   II. To calculate prices c.i.f. European ports the following "bases" will be applied to the New York quotations:

Sao Paulo Standard Type	
2	480 U. S. points on
3	450 " " " "
3/4	420 " " " "
4	390 " " " "
4/5	320 " " " "
5	250 " " " "
5/6	170 " " " "
6	10 U. S. points off
6/7	120 " " " "
7	135 " " " "
8	285 " " " "
9	465 " " " "

The types of cotton referred to above, equivalent to the respective U. S. classifications, for the purpose of fixing the "bases" referred to in Item II, will be as follows:

Sao Paulo Standard	equals	U. S. Standards
2		Good Middling of equal commercial value
3		Good Middling, very light spotted
3/4		Barely Good Middling, very light spotted
4		Strict Middling, very light spotted
4/5		Middling, full class to Strict Middling
5		Middling, very light spotted
5/6		Strict Low Middling, full class
6		Strict Low Middling, light spotted
6/7		Barely Strict Low Middling, light spotted
7		Low Middling, very light spotted
8		Low Middling, light spotted
9		Barely Low Middling, spotted.

Example: (a) sale of one lot of Sao Paulo cotton, Type 5/6, to European ports, shipment May/June; (b) reference--July New York futures; (c) basis of Sao Paulo Type 5/6--170 "points" on.

Demonstration c.i.f. European ports

July, New York, taken for example as	33.20	cents
"Basis" of Type 5/6....................	1.70	"
	34.90	"
Less freight and insurance............	1.60	"
Price at Santos.................	33.30	cents net weight 8/.

The "basis" referred to in Item II will be revised every 15 days and will be thereupon communicated by the Cotton Commission to the Fiscalizacao Bancaria.

For conversion of the cotton from U. S. cents to cruzeiros per 15 kilograms, the factor 6.07808 will be used.

8/ In addition to which it appears the buyer pays the cost of placing the cotton at shipside or "f.o.b." from the port warehouse. See FOREIGN MARKETS, Item 2, page 3.

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FOREIGN MARKET NOTES--COTTON

Cotton Production in Turkey [1]

By Francis H. Whitaker
Marketing Specialist

Turkey is carrying out a general program of agricultural expansion, in which cereals and cotton occupy a key position. The expansion is being brought about by increasing the cultivated area and by improving crop yields through the use of acclimatized varieties of pure-line seed, fertilizers, irrigation (where possible), farm machinery, and better general farm practices.

Water rather than land is the factor limiting agricultural expansion, for only a relatively small part of the land area is now in crops. In 1949 the Central Statistical Office of Turkey reported the following land use:

	Million acres
Cropland:	
Field crops	22.2
Fallow	10.9
Vineyards and orchards	3.5
Vegetables	.4
Olives	.7
Pasture and meadows	95.4
Forest and woodlands	25.7
Unproductive	30.7
Total land area (excl. lakes and swamps)	189.5

If sufficient water were available, the area now under cultivation in Turkey could be at least doubled. At the present time about 4 million acres are under irrigation - 30 percent in the cotton areas.

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[1] Part of a continuing study of foreign market outlets and competition with United States cotton being conducted by Mr. Whitaker, under the provisions of the Agricultural Marketing Act. Mr. Whitaker is stationed in Paris, France, to report on cotton markets in Western Europe and the Mediterranean area. He acknowledges the help given him by Turkish government officials and technicians at Ankara and Adana, and members of the staffs of the United States Embassy and MSA Mission at Ankara. In making the survey in Turkey, Mr. Whitaker was accompanied by Mr. Read P. Dunn, Jr., Director of the Foreign Division of the National Cotton Council of America. The statistics presented by the author have been accepted by him as reliable.

A substantial increase has already taken place in the area planted to cotton, as well as a number of other crops. Between the prewar period, (1934-38) and 1951-52 the cotton area increased by 158 percent - from 615,000 acres to nearly 1.6 million acres - and the acreage devoted to cereals by 39 percent. During these years the area in pulses and animal feeds showed little change; however, the area planted to other important crops increased as follows: tobacco from 139,100 to 300,000 acres (115 percent), potatoes from 137,000 to 211,300 acres (54 percent); sugar beets from 83,500 to 125,500 acres (50 percent); flax from 42,300 to 81,500 acres (92 percent).

Cotton Area, Production, and Exports

Cotton growing is surpassing the Turks' hopes thanks to a number of factors, such as the mechanization of farming, the adoption of improved farming methods, the use of selected seeds, chemical fertilizers, irrigation, crop pest and disease control, spread of farming know-how, and the funds allocated to the industry.

The 1952-53 cotton acreage is tentatively estimated at 1,660,000 acres, which considerably surpasses the acreage for 1949 and 1950, and is slightly larger than the 1,586,000 acres harvested during 1951-52.

During the 5 years before the war, Turkey planted between 500,000 and 700,000 acres of cotton and produced roughly a quarter of a million bales of lint. Since the war, production has been much higher. The yield has gone up tremendously, as a result of better farming practices, expansion of irrigation facilities, and better seed and insect control. The cotton area has expanded rapidly since 1949, and a record production of 735,000 bales (of 500 pounds gross weight) is estimated for 1952-53. Turkey is developing its water resources and hopes in 5 years' time to produce enough cotton to be able to increase its exports materially.

Turkey profited greatly from the short United States crop in 1950-51, and in that season exported 349,000 bales. The principal customers were: Western Germany, 167,000 bales; Italy, 34,000 bales; the United Kingdom, 32,000 bales; and France, 25,000 bales.

In the 1951-52 season Turkey exported 261,000 bales, and the principal recipients were: Western Germany, 131,000 bales; France 61,000 bales; United Kingdom, 9,000 bales; and Italy, 9,000 bales.

Turkey had on hand stocks of about 150,000 bales at the beginning of the 1952-53 crop season, and it is estimated that the 1952-53 crop will total about 735,000 bales. This will give a supply for the season of about 885,000 bales. Assuming that 250,000 bales are needed for home consumption, and 60,000 bales for working stocks, there would be about 575,000 bales available for export during the current season. In March this cotton was quoted at slightly under the American price but in April and May it was slightly higher as most of the surplus stocks have now been sold.

Table 1. - Turkey: Cotton area, yield, production, exports, and consumption 1924-52
(Bales of 500 pounds gross weight)

Year beginning August 1	Area	Yield per acre	Production	Exports 1/	Consumption 2/
	1,000 acres	Pounds	1,000 bales	1,000 bales	1,000 bales
1924	396	95	78	58	
1925	563	107	126	74	
1926	346	134	97	78	
1927	225	114	54	74	
1928	408	79	67	68	
1929	301	160	101	76	
1930	609	58	74	132	
1931	491	88	91	93	
1932	358	126	94	42	
1933	399	153	128	20	
1934	486	171	174	60	
1935	520	221	241	66	
1936	627	179	236	97	
1937	793	180	299	50	
1938	680	176	249	114	
1939	716	148	221	40	
1940	802	154	258	51	
1941	809	161	272	36	
1942	807	156	263	7	
1943	618	143	184	30	
1944	644	168	225	34	
1945	572	139	166	3/	185
1946	610	161	204	1	185
1947	502	208	218	3/	194
1948	734	201	308	129	195
1949	804	266	445	209	185
1950	1,100	236	542	349	210
1951	1,586	182	600	261	220
1952 4/ . . .	1,660	213	735	5/ 251	250

1/ Calendar years through 1947.
2/ Statistics not available for years prior to 1945.
3/ Less than 500 bales.
4/ Preliminary.
5/ August-February only.

Source: Foreign Agricultural Service records.

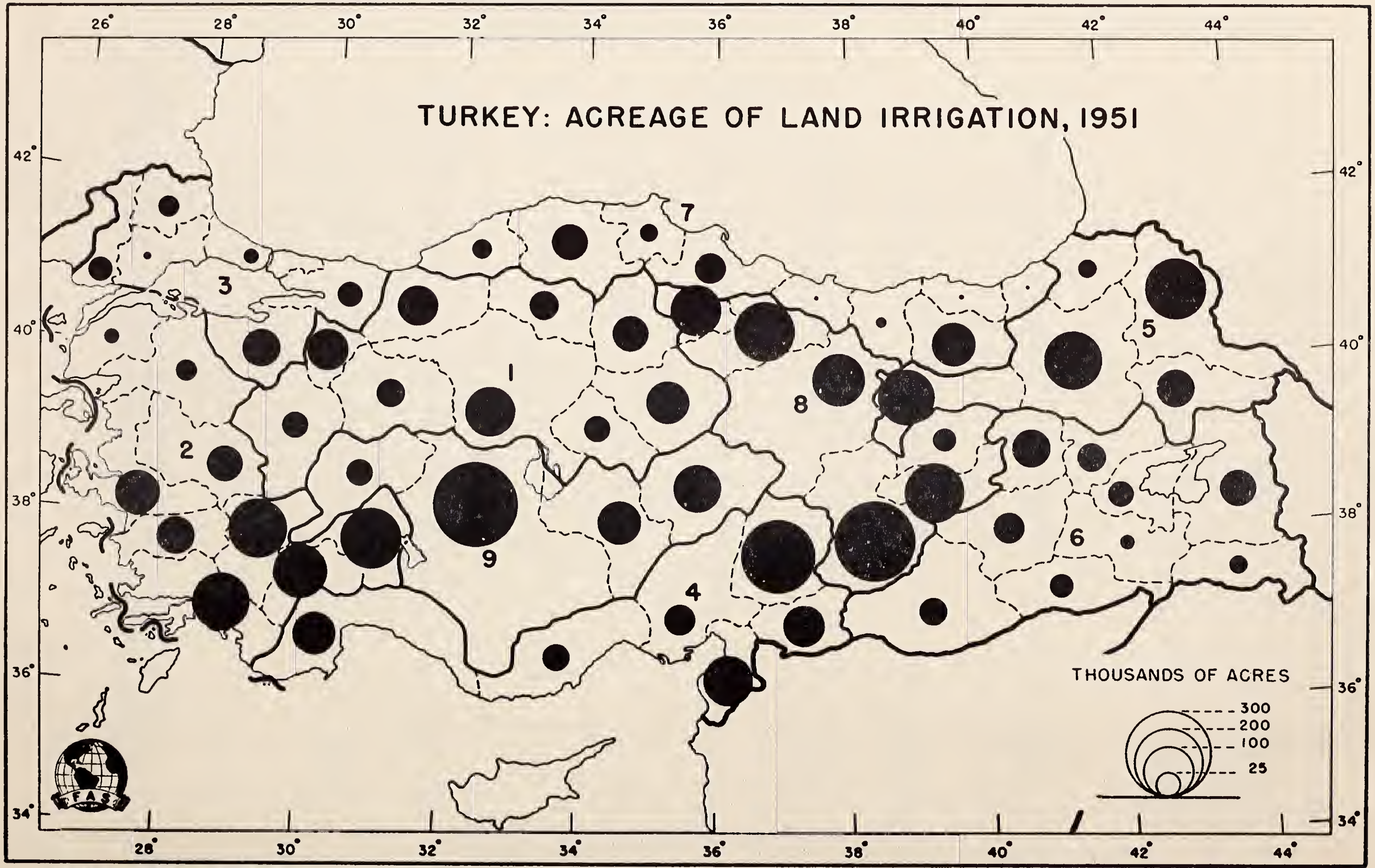
Table 2. - Turkey: Exports of cotton, 1923-51

(In 1,000 bales of 500 pounds gross weight)

Year	Germany	France	United Kingdom	Italy	Greece	Rumania	U.S.S.R.	Japan	Other countries	Total exports
Calendar year:										
1923 . . .	1	21	4	11	2	1/	2/	1/	6	45
1924 . . .	1	23	7	17	6	0	2/	1/	4	58
1925 . . .	1	21	6	31	5	2/	3	1/	7	74
1926 . . .	1	20	6	28	11	2/	9	1/	3	78
1927 . . .	2/	13	3	16	10	2/	27	1/	5	74
1928 . . .	1	12	6	14	10	2/	18	1/	7	68
1929 . . .	2	14	8	24	13	2/	12	1/	3	76
1930 . . .	4	25	13	38	19	2/	25	1/	8	132
1931 . . .	8	10	7	24	13	1/	26	1/	5	93
1932 . . .	4	4	10	11	3	1/	6	1/	4	42
1933 . . .	2	1	2/	1	2	2/	1	11	2	20
1934 . . .	46	2/	2/	2	0	2/	0	11	1	60
1935 . . .	62	0	1/	2/	0	2/	2/	2	2	66
1936 . . .	71	2/	0	7	2/	2/	0	12	7	97
1937 . . .	28	2/	2/	12	0	1	0	2	7	50
1938 . . .	28	2/	0	49	0	23	0	9	5	114
1939 . . .	8	0	0	15	0	6	0	2/	11	40
1940 . . .	0	0	0	5	0	15	0	0	31	51
1941 . . .	0	0	0	0	0	20	0	0	16	36
1942 . . .	5	0	0	0	0	0	0	0	2	7
1943 . . .	7	0	0	2	0	3	0	0	18	30
1944 . . .	15	0	0	0	0	2/	0	0	19	34
1945 . . .	0	0	0	0	2/	0	0	0	0	2/
1946 . . .	0	0	0	0	0	0	0	0	1	1
1947 . . .	1/	1/	1/	1/	1/	1/	1/	1/	2/	2/
Crop year:										
1948 . . .	33	18	4	1	5	4	1/	1/	64	129
1949 . . .	80	35	22	17	2/	1/	1/	1/	55	209
1950 . . .	167	25	32	34	1/	1/	1/	16	75	349
1951 . . .	131	61	9	9	1/	2	1/	1	48	261

1/ If any, included in "Other countries."
2/ Less than 500 bales.

Sources: "Annuaire Statistique (Republique Turque)"; "Commerce Exterieur Statistique Annuelle"; "Statistique Mensuelle du Commerce Exterieur."



TURKEY: ACREAGE OF LAND IRRIGATION, 1951

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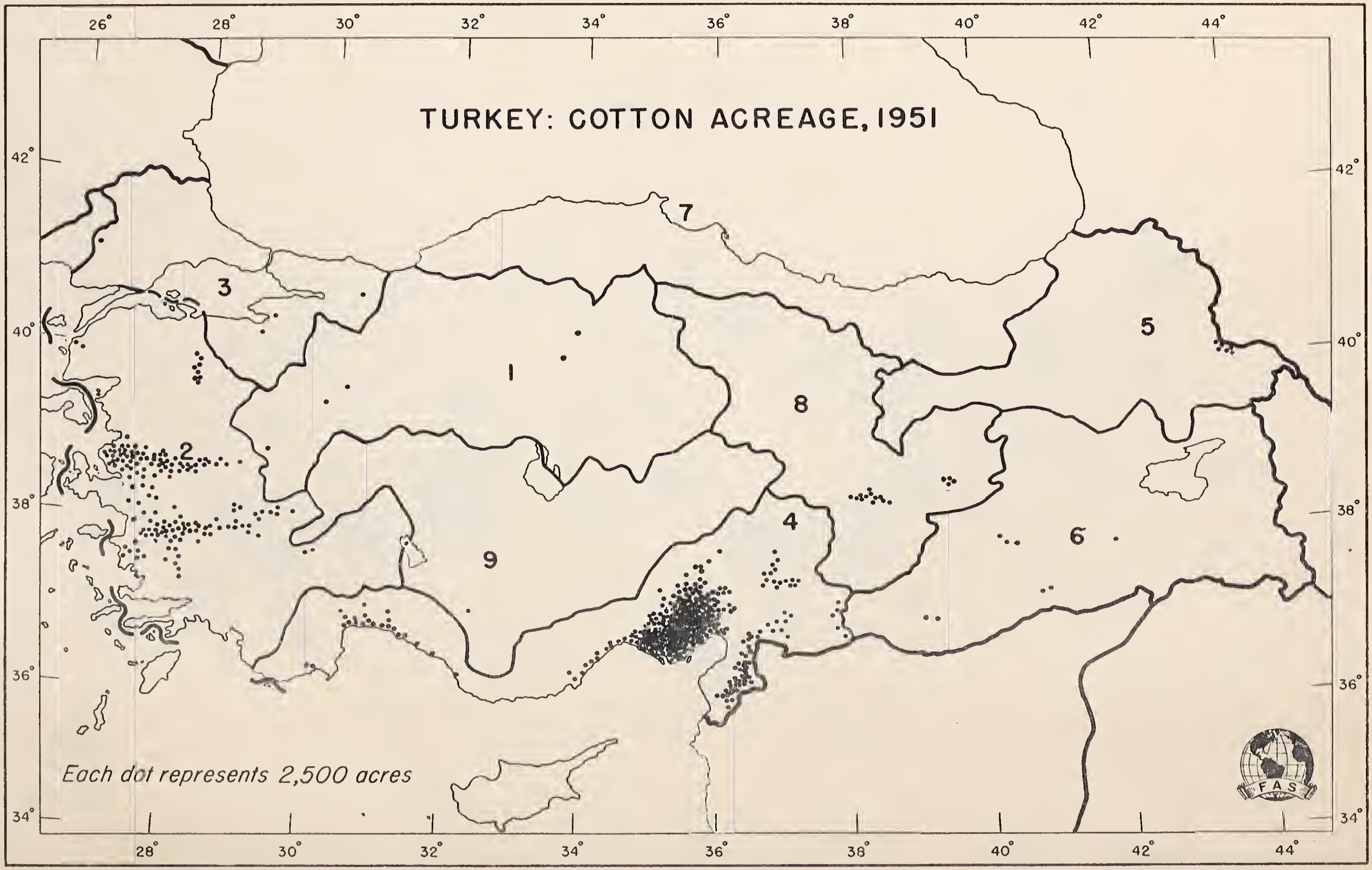

TURKEY: COTTON ACREAGE, 1951

Each dot represents 2,500 acres

U. S. DEPARTMENT OF AGRICULTURE NEG. 46 FOREIGN AGRICULTURAL SERVICE

Turkish Cotton Areas

Cotton is grown in each of Turkey's nine agricultural areas but principally in Areas Two and Four. Area Four, which is located in the south central part of Turkey bordering the Mediterranean Sea, has 67 percent of the cotton acreage; Area Two, which is in western Turkey bordering the Aegean Sea, has 26 percent. Both areas have fertile river valleys, and both receive practically all their rainfall in the winter months. Annual precipitation runs from 20 to 30 inches in Area Four (the Adana region) and from 15 to 30 inches in Area Two.

The farms in Area Four range in size from 50 to 600 acres, and in 1952 nearly all of these farms were mechanized. The prices received for 1950-51 cotton did more to stimulate cotton acreage in Turkey than all other factors combined, and in 1952 it is reported that 90 percent of the cropland in this area--about 1.1 million acres--was planted to cotton.

The land in this area is as rich as that found in any of the river sections of the United States; it is typically alluvial and has been built up over many centuries. The average yield per acre now runs between 180 and 190 pounds of lint, but if sufficient irrigation water were available for the entire area and the pink bollworm were controlled, the regional yield would average at least a bale an acre.

The area has an efficient cotton experiment station that is working on insect and disease control, and steps are being taken to develop water resources. The region has an available source of water supply in its rivers - the Azi, Tarsus, Ceyhan, and Seyhan - and in the snow-covered mountains surrounding the region. At present irrigation is being practiced to a small extent, and canals are being built as fast as funds are made available. In addition, a large irrigation dam is to be constructed on the Seyhan River in the area of Adana. The International Bank has approved a $25 million loan for the project, and the people are investing some of their own money. There is already a diversion dam, and when the project is completed this area alone could probably produce over 1 million bales of cotton for export every year.

Area Two is second to Area Four in area planted to cotton (418,000 acres in 1951), but it has higher yields. A good portion of its cotton is ginned on saw-gins and is better prepared and of higher quality than that of Area Four. Although the yield varies considerably in this area it averages about a half-bale per acre, which is about 65 pounds higher than in Area Four.

Area Two is considered one of the more favorable cotton regions in Turkey. It is estimated that the land planted to cotton in its Buyuk Menderes and Gediz valleys could be substantially expanded and the yields greatly increased by better irrigation. Irrigation is now obtained by dams and pumps in this area, and a main irrigation dam is now in course of planning. However, the water supply, outside the main river valleys is poor.

The Gediz river valley in Area Two is composed mostly of small farms. About 200,000 acres of cotton were grown here in 1951. The yield ran about 300 pounds of lint per acre. It is the most important cotton-producing section of the region. Considerable work is being done to improve and enlarge the irrigation system.

Cotton is planted throughout the entire length of the Buyuk Menderes valley. Irrigation is provided by hand-operated pumps and by rude canals and diversion dikes. During 1951, about 190,000 acres of cotton were planted in this valley. A survey is now being made to determine its water needs and possibilities. It is felt that the valley would greatly benefit from improved irrigation.

The third cotton-producing region of Area Two, much smaller than the two already described, is that in the Susurluk valley. And there is another small cotton acreage on the coastal plains near the Dardanelles. However, these are densely populated farming areas and because of the competition from other crops no expansion of the acreage planted to cotton is expected.

Mechanization

The rapid expansion in the importation and use of tractors and mechanized equipment on the farms is the outstanding feature of the expansion of Turkish agriculture, and especially cotton production. About one-half of the tractors imported went to the cotton farms, which comprise about 6.2 percent of the cropland. The farmers in Turkey are able to purchase their farm machinery on terms of 20 percent down, with the balance to be paid in four equal annual installments.

During the 6-year period 1946-51 about 24,000 farm tractors were imported and put mostly to agricultural use. In the same period, about 26,500 tractor-drawn plows, 1,600 threshing machines, about 2,900 reapers and binders, 1,900 combines, and 9,500 planters and grain drills of different sorts, as well as substantial quantities of other animal-drawn and power equipment, were brought into the country. In addition, many types of implements, chiefly animal-drawn, such as plows, grain reapers, cotton planters, grain drills, etc., are manufactured in Turkey.

During 1950 approximately 80 percent of the farm machinery imported came from the United States, while during 1951 imports from the United States amounted to less than 10 percent of the total import value. England was the principal supplier in 1951, with approximately 45 percent of the total. Western Germany was a close second, supplying about 36 percent of the total. The market shift in the source of supply was due primarily to the reduction in direct MSA financing for farm machinery and to the expansion of foreign credit available to Turkish importers through the European Payments Union.

Table 3.--Turkey: Farm Machinery Imports, Selected Items, 1946-51

Year	Tractors, all types	Tractor plows, all types	Threshers	Reapers and binders	Combines	Planters and grain drills
1946	262	178	507	776	89	72
1947	601	191	208	352	51	260
1948	1,291	1,346	246	114	25	983
1949	3,103	4,838	314	359	454	1,787
1950	5,877	9,997	99	400	681	3,216
1951	12,810	9,914	248	894	553	3,226
Total	23,944	26,464	1,622	2,895	1,853	9,544

Probably 500 of the approximately 24,000 tractors now in Turkey are at state seed production farms, agricultural experiment stations, agricultural schools, and other institutions for use in farming operations and for operator training and demonstration work. The balance are largely in the hands of individual farmers. A small number is owned cooperatively.

As of the end of 1951, approximately 7,200 American tractors, representing six or eight major machinery companies, had been imported or were on the way. Generally speaking, the local representatives of these companies have made notable progress in establishing distribution branch depots in the important agricultural areas with reasonably adequate stocks of spare parts, good repair shops, and, in some cases, mobile repair trucks for country inspection and servicing of their tractors in operation.

However, the importation of a great variety of makes and models from European sources may lead to a problem of serious magnitude, since it is quite apparent that in many instances the local representatives and dealers are not likely to be in a position to set up establishments for supplying adequate parts and servicing. A few of them have made a good start in setting up centers for permanent handling and servicing facilities, but many are not likely to develop enough volume of future business to warrant the investment. Consequently, in later years, some tractor owners may find themselves with tractors that cannot be serviced. This situation is said to have arisen as a consequence of the lack of import controls on the type and kind of tractors brought in under the liberalized European trade program.

Varieties and Seed Supply

Turkey is planting two types of cotton: Acala (an American variety) and Yerli (an Asiatic type). Currently about 90 percent of the acreage is planted to some strain of Acala and 10 percent to Yerli.

The cotton experiment stations in Turkey have been acclimatizing and developing the Acala, since seed was first imported from California about 15 years ago. One strain in particular, Acala 130, is well adapted to Turkish conditions. It was stated that in the 1951-52 season all of the Adana area was planted in Acala 130, which is said to yield 10 to 20 percent more than the old Acala. Acala 130 is also said to be more resistant to disease--an important characteristic since the Adana Experiment Station is of the opinion that 50 percent of the cotton in the Adana region is lost annually from disease and insects. The station reports that on roller-gins Acala 130 turns out 38 to 42 percent lint and on saw-gins 5 percent less. A staple of about 1 1/16 inches is reported. In 1954 there is expected to be sufficient seed to plant the entire crop.

Yerli is a very short staple cotton, similar to the short staples of India. It is very difficult to pick, and as a result the bolls are usually snapped. Yerli endures well the heavy rainfall season, which starts in November. The bolls are small and do not open very wide.

It seems that Turkey is handling the development of one-variety communities in an able manner. The experiment stations are the center of seed distribution. They do breeding and seed multiplication on their own farms. (During the 1952-53 season the Adana Experiment Station had 1,500 acres in cotton.) The stations supply seed to one-variety isolated communities, which in turn, send the seed cotton to the stations for ginning and distribution. The experiment stations then disinfect the seed and pass it out to other communities.

Picking, Ginning, and Marketing

The weakest links in the cotton production system in Turkey are the harvesting, ginning, and marketing procedures. Most of the cotton is harvested by labor obtained from the villages. The cotton farmer solicits labor from a labor-agent in the village, paying him so much a head for each picker supplied; the agent, in turn, pays the pickers. Under such a system, the farmer has little control over the pickers, and his cotton is often poorly harvested. The rapid expansion of cotton acreage in recent years has aggravated the problem. Farmers have had some difficulty in getting dependable pickers, and because they are at the mercy of the labor-agent they frequently have to turn over to him all the money for the harvest.

Once the cotton is harvested, it is stored for ginning and, since warehouse space is scarce, it is difficult to keep clean cotton separated from trashy cotton. Some of the large farmers try to mix the cotton thoroughly before it is ginned, while others gin the cotton just as it has been stored in the bins.

In the gins the cotton is handled mostly by hand. Relatively, the Turks employ more than ten times as much labor in their gins as is usually employed in United States gins.

Some of the gins do not have bale presses. The cotton often is sold in the seed by farmers, and at times in the form of soft bales of lint weighing around 200 pounds. Many of the cotton gins in Turkey need modernizing for efficient operation.

The majority of gins visited in Turkey had no conveyors for moving the cotton seed. After the seed was separated from the lint, it was dropped to the dirt floor. The practice of letting seed and trash accumulate adds to the difficulty of insect control.

Most of the cotton in Turkey is ginned in small roller stand gins. In spite of technical advice to the contrary, there is resistance on the part of the Turks to importing saw-gins. The fact that roller-gins, which have no cleaning equipment, give a higher bale weight turnout was the principal reason given by the cotton trade in the Adana market. In an effort to determine the effect of both kinds of ginning on the spinning properties of cotton, the Adana Experiment Station plans to purchase new gins of both types and conduct a series of experiments. The tests will include the operation of roller-gins both with and without cleaning equipment. It is felt that, once the grading system is more complete, saw-gins will become more acceptable, for they will do as good a job as roller-gins in removing lint at lower cost, with less trash. It is also believed that the advantages of saw-gins will be significant from the point of view of operating cost, if wage rates advance, as they are expected to in rapidly developing agricultural areas.

Present Turkish cotton classing standards are divided into two groups, namely: (1) Acala and (2) Indigenous (Yerli). The cotton groups are, according to their grades, subdivided into the following classes:

1. Cotton of the Acala group:

    a. Acala I
    b. Acala II
    c. Acala III

2. Cotton of Indigenous group (Yerli):

    a. Indigenous I
    b. Indigenous II
    c. Indigenous III
    d. Indigenous IV

The standards are further broken down into roller-gin and saw-gin categories.

The Turkish Government intends to impose regulations requiring standardization of grades and government classification of all pressed cotton. As most of the cotton moves to the local spinning mills in bags, the regulation will apply primarily to exports. These new regulations are intended to prohibit the mixing of varieties and govern trash and moisture content. Since the regulations are now in the early stage of development, it will take several years for them to be finally worked out and applied. A staff will have to be trained, and procedures will have to be agreed upon.

While there is some interest in using the United States Universal Cotton standards, the application of Universal Standards to Turkish cotton meets with resistance from both the Government and trade people because the Turkish crop does not present the same range of qualities as United States cotton; also, there are not enough experts in Turkey sufficiently experienced in classification to be able to recognize the fine differences. The Ministry of Agriculture, in cooperation with the Mutual Security Agency, is making a study of Turkey's needs and expects to set up standards that can be applied to all Turkish cotton.

Research in Cotton Production

The experiment stations have recently started experiments on irrigation, rotation, and fertilizer use. Also, specialized work on insect and plant disease control, as well as seed breeding work is being carried out at the Adana station.

Turkey has two experiment stations for cotton--the one at Adana and one at Izmir, and two substations. In addition, offices are maintained in all towns of any size, and the stations have a representative in most of the villages who reports on disease and insect infestation. They have eight graduate entomologists and three graduate pathologists.

Insect Control

DDT is used to control the pink bollworm - the insect that does the greatest damage - and also the leaf worm, which comes about every 4 years. It was reported that all the farms in the Adana area use a DDT combination. Dusting equipment is available for all. Thirty percent of the farmers own dusting machines, the Government loans machines to the others.

Another control measure is the law requiring all farmers to cut and burn the cotton stalks by March 1. If farmers do not comply, the government disposes of the stalks for them and imposes a fine, at the same time making the farmer pay the cost.

Turkish Cotton Textile Industry

Before the second World War, Turkey had about 200,000 spindles and about 4,000 looms and consumed about 135,000 bales of cotton annually plus some 30,000 to 40,000 bales outside of spinning mills. Fifty percent of the spindles and about 33 percent of the looms were in Government-owned mills. By 1952, the number of spindles had increased to about 364,000 and the number of looms to about 6,000, 60 percent of the spindles and 35 percent of the looms being in government plants. Mill consumption of cotton is now running at nearly 200,000 bales a year. In all, there are 23 textile mills in Turkey, of which 12 are privately owned and 11 state-owned.

Turkey is endeavoring to modernize its mills. For example, Turkey's first cotton textile mill, which had 500 spindles and was considered a modern plant at the time of its establishment in Tarsus in 1887, had been modernized and is still in operation; today it has about 22,000 spindles and 250 looms.

The average wage paid to the Turkish textile mill-worker is reported at around $2.00 a day, but this is only part of the compensation, since there are other benefits, such as hospitalization and medical expenses, lunches, paid vacations, and child care.

The textile industry of Turkey is protected by tariffs and exchange control.

Outlook for Cotton Production

Although the Turkish cotton farmers hope to increase their acreage to a level sufficient to enable them to export around 2 million bales of cotton per year, they contend that, based upon the present cost of producing cotton, they will have to average the equivalent of about 30 cents per pound for their cotton in order to continue their expansion program. Therefore, the success of the undertaking will be governed to a large extent by the world supply and demand for cotton and by the ability of the Turkish farmers to produce, sell, and deliver quality cotton to the various world markets at prices competitive with those of other producing countries.

Need for Increased Consumption

Turkey needs means for increasing the domestic consumption of its product. The per capita consumption of cotton in Turkey is about 5 pounds per year in comparison with about 30 pounds in the United States.

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FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 12-53 June 12, 1953

WORLD COTTON PRODUCTION LEVELS OFF

World cotton production appears to have leveled off at around 35 million bales. Production in 1952-53, now estimated at 35,420,000 bales 1/ (of 500 pounds gross weight), is 180,000 bales 1/ less than that of the previous year. Early acreage indications suggest that a further small decrease could take place in 1953-54.

World cotton production, which underwent a drastic decline in the course of World War II, has followed a sharp upward trend during the postwar years (except in 1950-51 when it was affected by United States curtailment). The postwar rise was from 21.1 million bales in 1945-46 (the lowest point in 30 years) to a postwar peak of 35.6 million in 1951-52.

During the first three postwar years world production fell short of world consumption by 1 to 5 million bales annually, thus enabling exporting countries to dispose of the large stocks accumulated since about 1936. At the same time rising prices stimulated a rapid recovery in world production which, except in 1950-51, has exceeded world consumption by 1 to 3 million bales each year since 1947-48. This has occurred despite a sharp rise in consumption to a level of 32 to 33 million bales where it has remained for the past 3 years. As a result world stocks are again rising and are expected to reach about 17.5 million bales at the end of the current season. This figure is 6.0 million bales above the postwar low point of 11.5 million estimated for July 31, 1951, but is about 11.0 million bales below the peak on July 31, 1945.

Foreign production, excluding communist countries, in 1952-53 was only about 10,000 bales less than the estimate of 13.4 million for 1951-52. Estimates of production in the communist countries, based on incomplete data, indicate an over-all total of about 6.9 million bales in 1952-53 or 160,000 less than in the previous year. United States production of 15,136,000 bales in 1952-53 was almost identical with the previous year's crop of 15,144,000 bales.

The acreage planted to cotton in the United States in 1952, estimated at 26,922,000 acres (25,664,000 acres harvested), is down 4.1 percent from 28,085,000 acres (26,854,000 acres harvested) in 1951-52. Most of the decrease was in Texas, Oklahoma, and Arkansas, and was attributed to drought at planting

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1/ The figure has been adjusted to include the final estimate of the Egyptian crop received too late to correct the accompanying table.

COTTON: Acreage and production in specified areas, averages 1935-39 and 1945-49, annual 1950-52 1/

Continent and country	Acreage					Production 2/				
	Averages		1950	1951 3/	1952 3/	Averages		1950	1951 3/	1952 3/
	1935-39	1945-49				1935-39	1945-49			
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
NORTH AMERICA										
El Salvador	9	35	47	72	69	5	21	27	42	42
Guatemala	–	8	6	20	20	2	5	4	11	12
Mexico	725	1,034	1,880	2,182	1,860	334	577	1,151	1,273	1,260
Nicaragua	9	11	43	86	69	5	7	22	47	40
United States	27,788	21,258	17,843	26,854	25,664	13,149	12,104	10,012	15,144	15,136
British West Indies	20	12	–	–	–	5	4	5	5	–
Haiti	–	37	25	41	–	22	10	6	7	7
Total 4/	28,642	22,403	19,872	29,285	27,751	13,523	12,730	11,230	16,533	16,506
EUROPE										
Bulgaria 5/	85	82	–	–	–	35	20	–	–	–
Greece	168	111	191	213	203	76	52	117	131	115
Italy	56	40	56	72	–	21	11	20	25	31
Rumania 5/	8	102	–	–	–	2	–	–	18	–
Spain	46	130	78	110	150	10	18	28	30	65
Yugoslavia	8	–	64	39	18	3	–	7	5	3
Total 4/	372	511	529	607	646	147	127	198	229	254
U.S.S.R. (Europe and Asia)	5,087	3,697	5,700	–	–	3,430	2,328	3,500	–	–
ASIA										
Cyprus	11	5	13	11	14	3	1	3	2	4
Iran	453	239	321	371	445	171	85	129	124	147
Iraq	53	22	100	110	100	11	5	38	35	35
Syria	85	59	195	537	460	28	32	138	225	230
Turkey	667	645	1,100	1,586	1,660	249	268	542	600	735
Afghanistan	–	–	–	–	–	49	16	38	53	70
Burma	428	178	225	300	261	97	32	50	75	42
China (incl. Manchuria)	7,038	5,831	7,650	10,100	9,350	2,855	1,939	2,430	3,000	2,840
French Indochina	36	–	–	–	–	6	2	1	4	–
Japan	2	10	11	10	–	1	3	2	2	–
India	6/ 24,204	11,306	14,556	16,213	16,175	6/ 5,348	2,304	2,720	3,100	2,850
Korea 7/	564	344	–	361	–	198	89	90	100	–
Indonesia	27	–	–	–	–	9	4	3	–	–
Pakistan	6/	2,965	3,011	3,376	3,430	6/	1,024	1,225	1,340	1,450
Philippine Islands	5	5	3	3	–	1	1	1	1	–
Thailand	16	84	86	77	97	7	26	28	28	32
Total 4/	33,805	21,827	27,749	33,265	32,536	9,038	5,835	7,448	8,708	8,531

SOUTH AMERICA										
Argentina	770	962	1,137	1,385	1,385	289	427	470	580	600
Brazil	5,562	4,520	5,300	5,100	4,800	1,956	1,352	1,800	1,950	1,500
Colombia	98	-	103	-	-	23	27	34	47	60
Ecuador	40	41	-	35	36	13	11	15	10	13
Paraguay	111	123	154	175	130	40	47	49	73	54
Peru	428	345	408	462	469	379	308	403	429	445
Venezuela	50	-	-	42	-	11	11	5	17	12
Total 4/	7,060	6,177	7,175	7,342	7,008	2,711	2,184	2,776	3,107	2,685
AFRICA AND OCEANIA										
Anglo-Egyptian Sudan	439	371	539	571	617	248	246	442	262	378
Belgian Congo	874	745	815	790	-	172	195	197	218	200
Kenya	-	51	58	68	56	13	6	11	13	7
Nyasaland	84	-	-	-	-	12	8	3	10	14
Tanganyika	-	-	-	-	-	50	38	41	39	65
Uganda	1,477	1,324	1,535	1,518	1,592	281	227	289	316	275
Canary Islands	-	2	3	5	-	-	1	2	4	-
Egypt	1,821	1,367	2,050	2,055	2,042	1,893	1,456	1,754	1,666	2,000
French Equatorial Africa	390	-	600	-	-	41	104	95	145	130
French North Africa	1	5	14	33	35	8/	2	5	12	12
French West Africa	-	-	-	-	-	28	14	14	21	-
Mozambique	-	557	700	680	650 9/	33	104	131	140	130
Nigeria	-	-	-	-	-	36	48	75	110	100
Angola	73	-	110	112	-	13	24	23	22	20
Southern Rhodesia	2	5	10	37	-	8/	2	3	6	-
Union of South Africa	-	12	40	80	80	2	3	12	24	24
Australia	53	5	4	4	-	11	1	1	1	-
Total 4/	6,176	5,805	7,175	7,631	7,759	2,840	2,483	3,103	3,023	3,394
World total 4/	81,142	60,420	68,200	84,800	82,500	31,689	25,687	28,255	35,600	35,370

1/ Year beginning August 1. Production in bales of 478 pounds net prior to 1946 and 480 pounds thereafter. 2/ Years shown refer to crop years in which major portion of crop was harvested. 3/ Preliminary. 4/ Includes estimates for minor-producing countries not listed above, and allowances for other figures not available. 5/ Figures for 1943 to date are not comparable with prewar figures because of boundary changes. 6/ Pakistan included with India. 7/ South Korea only, after 1941. 8/ Less than 500. 9/ Exports.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics, reports of United States Foreign Service officers and results of office research.

time and some shift to other crops. Average yield per acre in the country as a whole, however, was increased from 270.2 pounds in 1951-52 to 282.7 pounds in 1952-53, resulting in a crop almost equal to that of a year ago.

In Mexico, cotton acreage was reduced by 15 percent largely by drought at planting time from 2,182,000 acres in 1951-52 to 1,860,000 in 1952-53. Most of the reduction was in unirrigated areas, however, so the average yield was higher in 1952-53. Production in 1952-53, estimated at 1,260,000 bales, is about equal to the 1951-52 estimate of 1,273,000 bales.

The 1952-53 cotton crop now being harvested in the State of Sao Paulo in South Brazil is estimated at about 950,000 bales compared with 1.5 million a year ago. The decline is attributed to a 28-percent reduction in acreage from 3,290,000 acres in 1951-52 to 2,370,000 in 1952-53 and a moderate reduction in yield per acre due to drought. Incomplete data indicate a probable decrease in other South Brazilian States from a total of about 200,000 bales in 1951-52 to 160,000 in 1952-53. The 1952-53 North Brazilian crop of 390,000 bales is back almost to a normal level following a very poor crop of around 250,000 bales in 1951-52. An aggregate of the above figures places the 1952-53 crop in Brazil at about 1,500,000 bales against 1,950,000 a year ago.

In Argentina, the 1952-53 cotton acreage is privately estimated at about the same as in 1951-52 with a slight improvement in yields that may result in a crop of around 600,000 bales compared with 580,000 a year ago.

The 1952-53 crop in Peru has been revised upward to 445,000 bales (a record crop) and is 16,000 bales above a revised estimate for 1951-52. A reduction of 11,000 bales in the production of the Tanguis variety in 1952-53 to 392,000 bales was more than offset by an increase of 27,000 bales in the production of Pima and Karnak to 52,000 in 1952-53.

Elsewhere in the Western Hemisphere small production increases in Colombia and Ecuador were more than offset by decreases in Paraguay, Venezuela, and Nicaragua.

The final official estimate for the 1952-53 crop in Egypt released on June 2, 1953, placed the crop at 2,048,000 bales (500 pounds) instead of 1,946,000 estimated earlier. This is 382,000 bales higher than the unusually small 1951-52 crop of 1,666,000 bales. Cotton acreage restrictions announced on September 23, 1952, are intended to limit cotton acreage to about 1,700,000 acres in each of the next 3 years compared with 2,042,000 acres in 1952-53.

The 1952-53 crop of 378,000 bales in the Anglo-Egyptian Sudan was 40 percent above the 1951-52 crop and second only to the record crop of 442,000 bales produced in 1950-51. Acreage in 1952-53, estimated at 617,000 acres, is 46,000 above that of a year ago and is the highest on record. About 90 percent of the Sudan crop is of Egyptian type. The principal causes for the sharp increase in cotton planting in 1952 were a shift in British purchases of Egyptian-type cotton to Sudan and increased demand from other countries because of high government-supported prices of cotton in Egypt. Drastic reductions in prices of Egyptian cotton made effective by the Egyptian Government late in 1952 have now placed the large supply in Egypt on a competitive basis with Sudanese cotton.

In Turkey the 1952-53 crop is revised downward by 45,000 bales to 735,000 but is still 135,000 bales above a revised estimate of 600,000 bales for 1951-52. A 10 to 15 percent reduction in acreage now being planted to cotton for the 1953-54 crop is expected as a result of the sharp price decline in 1952 and a shift back to other more profitable crops principally wheat, rice, and tobacco.

Cotton production in Syria, estimated at 230,000 bales in 1952-53, is 5,000 bales higher than in 1951-52 despite a decrease in acreage from 537,000 to 460,000 acres. Better yields were attributed mainly to more effective control of insect pests. Acreage restrictions for cotton, amounting to about 20 percent for 1953-54, were announced in April 1953 (see Foreign Crops and Markets issue for April 20).

Pakistan's 1952-53 crop of 1,450,000 bales is 110,000 bales larger than that in 1951-52 as a result of a small acreage increase and better growing conditions. A compulsory reduction of 10 percent in cotton acreage below the 1952-53 estimate of about 1.9 million acres has been announced for 1953-54 in the State of Punjab which accounts for 55 to 60 percent of Pakistan's cotton crop. The 1952-53 acreage for all Pakistan was placed at 3,430,000 acres compared with 3,376,000 a year ago.

The 1952-53 crop in India has recently been revised upward by 100,000 bales to 2,850,000 compared with 3,100,000 for 1951-52. The decrease in production is attributed mainly to drought, with a small reduction in acreage reported.

A decrease in China of about 160,000 bales from 3,000,000 bales in 1951-52 to about 2,840,000 in 1952-53 has been calculated from incomplete data. The decline is attributed mainly to a decrease of about 7 percent in acreage, unfavorable weather, and planting too early and too closely.

A summary of the above information indicates that world production of Egyptian-type cotton (including American-Egyptian) in 1952-53 was about 550,000 bales larger than that of a year ago. Production of Asiatic types was down by about 200,000 bales and American-Upland (in all countries) was down by more than 500,000 bales.

Expected decreases in cotton planting in many foreign countries in 1953-54 are attributed to discouragement with the sharp fall in prices since the end of 1951, evidence of some shift to cultivation of more profitable food crops, and curbing of credit to growers. The latter two factors apply particularly in Mexico and the Near East where liberal production credit terms and heavy investment in land and equipment for cotton growing in 1950 and 1951 resulted in failure in 1952 of many growers to meet mortgage commitments after the sharp price decline. In Egypt, Pakistan, and Syria, cotton acreage restrictions have already been announced.

This is one of a series of regularly scheduled reports on world agricultural production approved by the Foreign Agricultural Service Committee on Foreign Crop and Livestock Statistics. It is based in part upon U. S. Foreign Service reports.

This is a more detailed statement of the article on this subject which appeared in the May 25, 1953, issue of Foreign Crops and Markets.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 13-53 June 15, 1953

FOREIGN MARKET NOTES--COTTON

The following information has been received from Carl C. Campbell, Marketing Specialist, Foreign Agricultural Service, who is making a survey of the market for United States cotton in Asia.

According to reports, the Brazilians still have not confirmed any sales on an "on call" basis. Although it is estimated that the Japanese have "purchased" as much as 30,000 bales, to date only around 10,000 bales have been confirmed by the Brazilian Government; this amount represents the estimated quantity that has been purchased on a "fixed price" basis.

Upon registration of the export of cotton, the Brazilian Government would fix the price of the cotton, so the sales would be tantamount to "fixed price" sales.

The Japanese mills, principally small spinners, have recently purchased around 15,000 bales of spinnable waste from the United States at c.i.f. prices which were reported to be 27 to 30 cents per pound for the major portion of the quantity purchased. Waste cotton can still be imported under the "Automatic Approval System," so spinners, who anticipate that their foreign exchange allocations for raw cotton will be cut because of the incentive system that is to be applied for export production, have turned to waste as a substitute processing material. These spinners probably will substitute additional quantities of staple fiber for raw cotton as the domestic demand for textiles is still very strong. In fact, recently cotton yarn prices on the Sampin have been very firm and 20s single yarn was selling "spot" for the yen equivalent of 61 to 62 cents per pound June 2, 1953. Domestic business for summer-type fabrics has been greater than anticipated; this fact and the fact that independent weavers and knitters have been buying for inventory in anticipation of short supplies in the domestic market in the future because of the Japanese Government's present drive to expand exports strengthened the Sampin market considerably during the past week.

Recently, some barter transactions have been negotiated for Mexican cotton and rumors have circulated that deals totaling around 50,000 bales had been finalized, but upon investigation it appears that 10,000 bales would be a more correct figure. However, it is pointed out that the Japanese are putting forth a great deal of effort to get more cotton on a trade basis, so a pick-up in barter or compensating transactions can be expected.

The spinners have approached the Japanese Government again and urged that a new Export-Import loan be applied for.

The company unions of the eleven biggest spinning companies belong to the Japan Federation of Textile Workers Unions, and the Federation recently demanded a 24-percent wage increase for the workers employed by the eleven companies. The companies are presently negotiating with the Federation and it is hoped that the matter can be settled satisfactorily but to date the matter has not been settled.

One of the larger Japanese trading firms recently finalized a compensating transaction (barter) on a back-to-back letter-of-credit basis which will cover the import of 15,000 bales of Turkish cotton in exchange for Japanese exports of a corresponding value. Cotton will be shipped to Japan promptly after certain formalities are finalized.

It is reported that representatives of the Japanese Government, the spinners, and the exporters will leave soon for the United Kingdom in order to try to negotiate a relaxation of Sterling Area restrictions on the importation of cotton textiles from Japan. The group might be authorized to negotiate and sign some sort of trade agreements with certain segments of the Sterling Area as it reportedly will visit East and West Africa as well as the United Kingdom. Although the negotiations which were completed with the United Kingdom about a month ago provided some temporary relief in regard to Japan's Sterling shortage, Japan's Sterling balance is again at a very low level and it will remain at an unsatisfactory level as long as the Sterling Area continues to restrict imports from Japan. Some long range solution to this matter will be necessary before Japan can expect to stabilize its foreign trade program.

Iran is interested in selling Japan 80,000-90,000 bales (500 pound) of cotton this year and the representative of an Iranian shipper is now in Japan trying to negotiate the business, either on a straight sale basis or on a barter basis. Right now, due to the exchange situation in Iran, the prices he is quoting are too high but he may be able to work out a deal if he will pay correspondingly high prices for Japanese exports to Iran.

The following information has been obtained in regard to the cotton textile industry in South Korea: when the war ended in 1945, South Korea had 253,000 operable spindles. This capacity was expanded and by June 1950, the spindlage totaled 316,000. During the summer and fall of 1950, many spindles were destroyed and damaged by the fighting in Korea and in December 1950, the installed spindlage had been reduced to around a total of 90,000 and only about 56,000 of this number were operable. At present, 150,000 are installed; 130,000 are operable; and 125,000 are operating.

In addition, 20,000 damaged ones are in the process of being rehabilitated; 10,000 which were purchased from Japan have arrived and will be installed soon; 40,000 which have already been purchased are to arrive in Korea soon; and 55,000 are programmed for procurement within the near future. By the end of 1956, there will be approximately 400,000 spindles installed in South Korea if present programs are carried out. Current production is at the rate of about 35,000,000 pounds of yarn per year. It is expected that yarn production will be at the rate of 48,000,000 pounds per year by end of 1954; 66,000,000 by end of 1955; and 90,000,000 by end of 1956. The mills operate from 20 to 24 hours per day and spin yarn counts of from 6s to 30s, with the average count being 15.5s. During this and coming years, it is anticipated that approximately 10 percent of the mills' cotton requirements will come from indigenous sources and that the balance will have to be imported. From July 1, 1953, to June 30, 1954, around 90,000 bales will have to be imported if the spindles are operated as planned.

The Spinners Association has indicated the growths and quantities of cotton Japan would desire during the next cotton year, provided production remained at approximately the present level and satisfactory means of payment were available and all cottons were selling on a competitive basis. Japan's total requirements under such conditions would be between 2,035,000 and 2,151,000 bales, with 1,220,000 to 1,290,000 coming from dollar sources. It is pointed out that the foregoing figures do not represent the Japanese import program but are estimates based upon conditions mentioned above. However, unless something unforeseen occurs, it would appear that Japanese requirements will be somewhere near the total quantity estimated by the Association.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 14-53 June 19, 1953

EGYPTIAN GOVERNMENT PLANS COTTON POLICY FOR 1953-54 SEASON

Summary

1. The Alexandria Futures Exchange will remain closed.
2. The government will continue to buy cotton from producers and sell to exporters and local mills.
3. Export sales prices will be based on New York Futures quotations, and will include the export tax.
4. Government sales prices to exporters and local mills will be the export sales price minus the tax, and plus or minus prime differentials.
5. Government purchase prices will be set before the start of the season and will be some 14 percent lower than in 1952-53 to reflect lower land rentals under the Agrarian Law enacted by the new government.
6. If government cotton transactions show a profit (exclusive of the export tax), three-quarters of such profit will be refunded to the producers.

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On May 26, 1953, following a meeting of the joint Conference of the Council of Ministers and the Revolutionary Command Council, a communique was issued outlining the cotton policy the government intends to follow for the 1953-54 season (starting September 1, 1953). The summary above gives the broad outline of the policy to be followed. In general the policy is the same as the present policy, which has been in effect since November 23, 1952. The main difference is the decision to substantially reduce the price the government will pay for cotton next season. On November 23, 1952, the government set the purchase price for the balance of the 1952-53 crop year at 67.50 tallaris per cantar (38.94 cents a pound) for Good Karnak and 60 tallaris (34.62 cents) for Good Ashmouni, with various premiums and discounts for other grades. The base price at which cotton could be sold for export was set at the previous day's closing spot quotation on the New York market, plus a 30 percent differential for Karnak and a

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Based on a report by C. F. Conover, American Embassy, Cairo. A Late News item on the same subject appeared in Foreign Crops and Markets, June 15, 1953.

10 percent differential for Ashmouni. On February 9, 1953, the base price was changed to the previous day's closing price for near-month futures on the New York Cotton Futures Exchange plus 30 percent for base grade Karnak and 5 percent (instead of 10 percent) for Ashmouni. Premiums and discounts are subject to change every week but have actually been changed only three times since the schedule was issued last November. Export sales prices include the export tax, municipal tax, and quay dues amounting to about 15.2 tallaris per cantar (8.77 cents a pound) for Karnak and 10.2 tallaris (5.88 cents) for Ashmouni. The government sales price to local mills and exporting firms was set at the export sales price minus the export tax, plus or minus premiums or discounts for grades and types. Cotton entering export trade, however, is still subject to the export tax on the date of shipment.

Throughout the present season the government sales price has been running from 5 to 12 tallaris (2.88 to 6.92 cents a pound) below the established government purchase price. On May 22, 1953, for example, the government was buying Karnak at 67.50 tallaris (38.94 cents) and selling for 62.90 tallaris (36.29 cents), while Ashmouni was bought at 60.00 tallaris (34.62 cents) and sold at 53.11 tallaris (30.64 cents). In other words the government was at that date showing an average loss of some 9 percent on its cotton transactions, exclusive of the returns from the export tax. It is to be noted that the export tax is considered as a normal part of the government's tax revenues and is not taken into consideration in estimating government profit or loss from its cotton transactions. The Minister of Finance has stated that the government cannot continue to take such a loss during the coming season and has established the government purchase prices for the 1953-54 season (subject to a Ministerial Decree to make them official) as follows:

Period	Proposed prices 1/ for 1953-54		Present (1952-53) prices		Percent of change	
(1953-54)	Karnak	Ashmouni	Karnak	Ashmouni	Karnak	Ashmouni
			(In tallaris per cantar)			
Sept.-Nov.	58.00	50.00	67.50	60.00	-14.1	-16.7
Dec.-Jan.	59.00	51.00	67.50	60.00	-13.6	-15.0
Feb.-Aug.	60.00	52.00	67.50	60.00	-11.1	-13.3
			(In U. S. cents a pound)			
Sept.-Nov.	33.46	28.85	38.94	34.62	-14.1	-16.7
Dec.-Jan.	34.04	29.42	38.94	34.62	-13.6	-15.0
Feb.-Aug.	34.62	30.00	38.94	34.62	-11.1	-13.3

As the Ministers' communique pointed out, the grower must expect to receive lower prices for his cotton in the new season than he has this year. In compensation he is offered a stable and assured market (the government), and a precise knowledge of what return he may expect from his crop. If he is a tenant, growing cotton on leased land, he benefits from the new land rental schedule under the Agrarian Law. In the majority of cases land rentals have been cut to half (or less), and the net profit return to a tenant from his cotton next year may well be as much as he is getting at present. The owner, who farms his own propert

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1/ Effective August 1, 1953, and applies also to cotton from any previous crop offered in 1953-54.

will find his income reduced. In the event that world cotton prices move upwards and the government makes a profit from its cotton transactions, three-fourths of this profit will be returned to the grower by the government. (At present, details of how such a refund to the grower might be handled by the government are not available.) The remaining one-quarter of possible remaining profits will be put in a special government fund to compensate for possible losses in future years.

The proposed cotton policy, taken in conjunction with the wheat program as now laid down, is expected to make a considerable change in the over-all Egyptian agricultural pattern. The area limitations for cotton plantings and the required areas for wheat will reduce the size of the cotton crop and increase the wheat plantings (see Foreign Crops and Markets, June 8, 1953, page 506). The relatively high prices (£.E.4.50 per ardeb or $2.34 a bushel) that the government now contemplates offering for all wheat grown in the next season (1954) will be an added incentive, particularly to land owners, to plant more wheat in place of cotton.

The over-all goals of the government are for a cotton crop of some 7,500,000 cantars (1,548,000 bales of 500 pounds gross) for 1953-54 against almost 10,000,000 cantars (2,048,000 bales) this year, and a wheat crop of some 1,555,000 metric tons (57 million bushels) against some 1,300,000 metric tons (51 million bushels) this season. It is believed that the reduced supply of Egyptian cotton will make for higher prices in the world's markets. The increased wheat supply should relieve Egypt of the burden of purchasing large quantities of wheat in addition to its commitments under the International Wheat Agreement.

There has been over the last few years an increasing lack of demand from foreign spinners for the medium grades of Ashmouni cotton. Government losses on its purchases and sales of Ashmouni have been considerably higher than on the other types of Egyptian cotton. Inasmuch as the government is paying growers from 3 to 5 tallaris per cantar (1.73 to 2.88 cents a pound) more for Giza 30 and Menoufi than for Ashmouni, it is expected that there will be a considerable increase in plantings of these varieties next season at the expense of Ashmouni.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 15-53 June 24, 1953

FOREIGN MARKET NOTES--COTTON

The following information has been received from Carl C. Campbell, Marketing Specialist, Foreign Agricultural Service, who is making a survey of the market for United States cotton in Asia.

HONG KONG

At present, Hong Kong has a little over 200,000 spindles and indications are that about 50,000 more will be installed in the not too distant future. The Colony has 1,685 plain cotton looms and 1,284 automatic cotton looms. Yarn counts of 6s to 42s are spun. Some of the mills are planning to install combers, so it is likely that finer counts of yarn will be manufactured in the Colony as soon as this equipment is in operation. Monthly production is around 5.5 million pounds of cotton yarn and 9,000,000 yards of cotton fabric. The Colony has bleaching and dyeing facilities but does not have any machine printing equipment.

While some of the output is used locally, most of it is exported. At present, the Government is protecting the industry by restricting the import of cotton goods for local use. The import of goods for re-sale in entrepot trade is not presently restricted but re-sale of such goods to the Sterling Area is restricted to some degree because of currency regulations.

At present Hong Kong is obtaining most of its raw cotton imports from Pakistan, Burma, Egypt and Uganda. Although the Brazilians have been offering Brazilian cotton to the Hong Kong importers, it is reported that no purchases of Brazilian cotton have been made in recent months for import into Hong Kong. It is estimated that Hong Kong will require around 120,000 bales (500 pounds gross) during the next cotton crop year. If American cotton can be sold at prices which compete with other growths of cotton, U.S. cotton shippers may get some of the Hong Kong business, otherwise Hong Kong spinners will turn to other sources even though they prefer American cotton. Hong Kong can use cotton of almost any growth since Hong Kong production is principally in yarns of 20s count and coarser.

It is interesting to note that the Hong Kong spinners are beginning to provide housing, food, etc. for their workers just as the Japanese have been doing for years. In the beginning, these services were not provided but the spinners have learned that they get much better labor results under such a system than they get when the workers provide their own food and living quarters.

The Hong Kong spinners are very worried about the future because they fear that the cotton textile industries of India and Japan will be able to produce textiles at lower costs than comparable textiles can be produced in the Colony. The average wages of textile workers in Hong Kong appear to be lower today than those of Japanese workers but the efficency of Japanese workers is higher. It is difficult to make reasonable comparisons. Like the Japanese, the Hong Kong spinners depend upon outside financing to a great degree and interest rates on operating funds are probably as high in Hong Kong as they are in Japan. Even under such conditions, it would appear that the Hong Kong spinners should be able to compete if they rationalize their operations, for most of the Hong Kong mills have reasonably modern equipment.

At the moment, business in Hong Kong is rather dull. Most people expect business to pick-up if the Korean truce stabilizes the international political situation. However, the consensus is that the volume of trade with China will not increase substantially even though it is expected that there will be some improvement. It is generally considered that China will not permit the importation of very sizeable quantities of consumer goods but will rather use available foreign exchange to purchase capital equipment, chemicals, raw materials, etc. In the textile field, it is expected that China will import some raw cotton, wool tops and possibly rayon, cotton and wool yarns but not fabrics. Because of this belief, most people have doubts as to the future of Hong Kong as an entrepot port for textiles, particularly since Indonesia, Thailand, etc. are buying more and more of their imports directly from the producing countries.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D. C.

FC 16-53 June 30, 1953

DROUGHT REDUCES MEXICO'S 1953 COTTON CROP [1]

Summary

Mexico's 1953 cotton crop probably will not exceed 1.1 million bales (of 500 pounds gross weight), which is lower than during any of the three preceding years. This is the third year of severe drought which has been the principal limiting factor. About three-fourths of Mexico's cotton crop is exported; cotton is now Mexico's largest single export item. No difficulty was encountered in exporting the surplus from last year's crop which is nearly all sold, but Mexico may have some difficulties in exporting from its 1953 crop.

PRODUCTION

The 1952 crop is still estimated by the Embassy at about 1,260,000 bales and other unofficial estimates vary from 1.2 to 1.3 million bales. The Embassy has revised upward its figure for the acreage harvested in 1952 to 1,890,000 acres because a larger acreage of drought-damaged cotton was harvested in the Matamoros area than was estimated earlier.

The 1953 acreage and production forecasts are being revised downward due to severe drought. An estimated 2,050,000 acres were planted in 1953 but about 13 percent of this, largely in the Matamoros area, reportedly has already been lost and will not be harvested. This would reduce the harvested area to about 1,783,000 acres, the smallest since 1949. See Table 1, page 2.

As recently as mid-May the leading farm organization and other sources predicted a 1953 crop of 1.5 million bales. More accurate and detailed information from trade sources and from consular offices in cotton areas indicates that the 1953 crop will be about 1.1 million bales. It is, of course, possible that continued prolonged drought may reduce the crop to less than 1.0 million bales; on the other hand, prompt and heavy rains might still make possible a crop of 1.2 million or slightly less than the quantity produced in 1951-52.

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[1] Based on a report by Dr. Paul G. Minneman, Agricultural Counselor, American Embassy, Mexico City.

Table 1.--Mexican cotton area and production 1950, 1951, 1952, and forecast for 1953

Year	Area harvested		Production	
	1,000 hectares	1,000 acres	1,000 bales 1/	1,000 bales 2/
1950	760.5	1,879	1,131	1,152
1951	883.5	2,183	1,250	1,273
1952 3/	765	1,890	1,239	1,262
1953 4/	722	1,783	1,088	1,108

1/ Bales of 230 kilograms as used in Mexican data.
2/ Equivalent bales of 500 pounds gross weight converted at 1.01875 times the Mexican bale figures.
3/ The area planted in 1952 is estimated at 2,150 thousand acres or about the same as in 1951.
4/ The area planted in 1953 is estimated at about 2,050 thousand acres.

Source: 1950 and 1951 are official data of Boletin Mensual de la Direccion de Economia Rural. Data for 1952 and 1953 are Embassy estimates and forecasts.

The forces of nature seem to have conspired to hold Mexico's cotton expansion at a level of just over one million bales. Production increased sharply after 1948 and reached a peak in 1951. In spite of large plantings since, the production has not expanded further. The limiting factor is shortage of water for irrigation. About three-fourths of the acreage planted is irrigated but in most areas the amount of water in reservoirs is now at a very low level with the result that adequate irrigation will not be available. The acreage that relies on irrigation from wells also is short of water because many wells are dry or saline. The area that is not irrigated, of course, is damaged most severely by lack of rain and much of it is being abandoned.

Insect infestation this year fortunately is light, due to the energetic clean-up campaign last fall in the Matamoros area and to the dry hot weather that has prevailed this season. In the Mexicali and west coast areas, however, the damping-off disease has caused considerable damage.

More detailed information as to the situation in the principal regions is presented below and in Table 2, page 3. Much of the comment is from consulates.

Mexicali

Although the 1953 production in the Mexicali area probably will be considerably less than in 1952, it nevertheless will again be the largest of any area in Mexico. The area in cotton this year estimated at 400,000 acres is about 5 percent less than last year but production is now forecast at about 280,000 bales or 16 percent less. As a result of high winds and unseasonably cool weather, many farmers have had difficulty in obtaining stands of cotton. Many fields look poor. Many were replanted and some replanting is still being done. "Damping-off" has been more severe than usual.

The supply of irrigation water has been adequate to date with considerable water flowing to the Gulf in the Colorado River. Precipitation in the watershed up to April 30, however, was only 79 percent of normal. Consequently it will probably be necessary to prorate water during the months of July and August when the peak demand occurs.

Table 2.--Area and production in Mexico by regions, estimates for 1952, and forecast for 1953

Region	Area harvested		Production			
	1952 estimate	1953 estimate	1952 estimate		1953 forecast	
	1,000 acres	1,000 acres	1,000 bales 1/	1,000 bales 2/	1,000 bales 1/	1,000 bales 2/
Mexicali..........	420	400	335	341	280	285
Sonora-Sinaloa...	386	340	259	264	242	247
Laguna...........	248	247	255	260	225	229
Matamoros........	3/ 560	4/ 535	209	213	180	183
Delicias.........	120	120	95	97	90	92
Juarez...........	46	54	36	36	30	30
Don Martin.......	20	2	10	10	1	1
Other............	90	85	40	41	40	41
Total.......	1,890	1,783	1,239	1,262	1,088	1,108

1/ Bales of 230 kilograms (507 pounds) gross.
2/ Bales of 500 pounds gross.
3/ A total of about 800,000 acres was planted in 1952.
4/ A total of about 770,000 acres was planted in 1953. An additional 300,000 acres were left unplanted for lack of moisture.

Source: Embassy estimates based on consular reports and information from the trade.

Sonora-Sinaloa

This region includes scattered areas along the west coast from the United States border south to the State of Nayarit. The acreage in cotton is reduced by about 13 percent but production is forecast at only about 5 percent below that of 1952.

In the Nogales area weather conditions have been rather poor. Young plants in a few regions have suffered heavy loss from the fungus disease "damping-off," and unusually high winds for the past few weeks have prevented dusting and have allowed thrips to cause extensive damage. Nearly one-half the seed was imported from the United States. Germination was about 85 percent. About 45,000 to 50,000 acres are estimated in Carborca, Santa Ana, and Pitiquito, with production forecast at 31,000 bales.

In the Hermosillo area about 52,000 acres have been planted to cotton with a production forecast of 42,000 bales. Weather conditions were generally the same as in the Nogales area.

The Ciudad Obregon area of southern Sonora and the Yaqui Valley west of Ciudad Obregon have slightly increased plantings of nearly 100,000 acres from which 90,000 bales are forecast. Weather conditions and water supply in this area are normal. The Mayo Valley south of Ciudad Obregon, however, has been very dry and consequently the cotton area has been cut sharply to only about 13,500 acres with an anticipated 11,000-bale production.

In the Los Mochis region of northern Sinaloa the Fuerte River Valley also has been very dry and many farmers are expected to turn to wheat next year because it can be grown with less water than cotton. In the Culiacan Valley, water is so short that its use is restricted mainly for domestic purposes. The Sinaloa Dam on May 16 had only 11 million cubic meters of water, whereas the capacity is 800 million cubic meters. Crops were not expected to get any irrigation until about June 24. About 50,000 acres were planted with a forecast of 26,000 bales. Together with other areas such as San Blas and Guasave, the total area in cotton in Sinaloa is estimated at 124,000 acres with a production forecast at 68,000 bales.

Matamoros

The area planted to cotton in this region is estimated between 760,000 and 770,000 acres while some 300,000 additional acres were left fallow for lack of sufficient moisture in the soil. It is estimated that of the acreage planted, about 235,000 acres or nearly one-third of the total are a complete loss due to lack of moisture and high winds. The acreage having some form of irrigation is about 257,000 acres of which about 165,000 are in the Marte R. Gomez System; 30,000 from the Conchos River near San Fernando; and about 62,000 are irrigated by private pumps along the Rio Grande. Another 270,000 to 280,000 acres have had so little moisture that the crop will be only "bumblebee."

Forecasts for the 1953 crops in the Matamoros region vary from 175,000 to 250,000 bales but the lower figure is more likely correct. This would be 16 percent less than in 1952 and less than half as much as in 1950 or 1951. Rain in the near future would definitely improve the prospect in the irrigated areas. Thus far these have received only one irrigation. Three acre-feet per year of water are considered standard for cotton in this region, but irrigation this year has been on an hourly basis and has averaged only about 1.5 acre-feet. The Rio Grande and its tributaries currently have enough water only for domestic use and for animals. Few wells provide adequate water for irrigation and many have turned salty.

The only bright spot in the picture is the low insect infestation. Of the 600 fields inspected as of March 18, only 12 pink bollworms were found per 100,000 blossoms as against 3,490 in 1952. The first harvest is expected in mid-June.

Laguna

This region around Torreon has suffered continual drought; there has been very little rain to date, and the El Palmito Dam is only about one-fifth full, near the record low. Growers relying on irrigation from wells have been compelled to dig them deeper and drill new ones. There are some 2,400 wells in the Laguna area, of which 108 have been drilled since January 1952. The acreage planted to cotton is estimated at 247,000 acres, about the same as in 1952, but the crop is now forecast at only 225,000 bales or 12 percent less than in 1952. Infestation of insects fortunately has been light due to the hot dry weather and the effective clean-up campaign last fall. Only the pink bollworm and the spider mite have caused some damage thus far this year. Airplane dusting is employed on a large scale in this area and began on May 23. Another disease that is causing considerable damage in the Laguna area is the Texas root rot. The usual shortage of fuel oil for tractors and irrigation pumps was a limiting factor again due to inadequate storage and distribution facilities.

Delicias

This region in south central Chihuahua is also suffering from drought and much replanting has been necessary. The water level in the Delicias Dam is only sufficient for 77,500 acres. Together with neighboring areas the 120,000 acres planted were about the same as in 1952 and the crop is again forecast at near the 1952 figure of 95,000 bales.

Juarez

This region includes cotton planted near the Rio Grande south of El Paso and other areas to the southwest in northern Chihuahua. It relies primarily on irrigation, and the supply of irrigation water in the dams is only about one-half of normal. The area has had only traces of rain so far this year and severe dust storms. The acreage planted to cotton was increased slightly but due to shortage of water, the crop is forecast at about 20 percent less than in 1952.

Don Martin

The Anahuac area relies on water from the Don Martin Dam which ran dry several months ago. Consequently, the cotton area was reduced very sharply from 77,000 acres in 1951 to 20,000 in 1952, and only 2,000 in 1953. Production will be only about 1,000 bales or 10 percent of the 1952 crop.

Other Areas

These include widely scattered small areas in different parts of the country such as Nuevo Laredo, Piedras Negras, several in the State of Nuevo Leon; several near Tampico and in San Luis Potosi, in Colima, and minor plantings in other States. The total of these does not exceed 4 percent of the country's total cotton production and has not changed appreciably.

CONSUMPTION

The Embassy estimates consumption during 1952-53 at 320,000 bales (326,000 bales of 500 pounds) although the Banco Nacional de Comercio Exterior has estimated it as low as 300,000 (306,000) and trade estimates vary from 310,000 to 330,000 (316,000 to 336,000). The forecast for consumption in 1953-54 is slightly lower. The Embassy estimates 310,000 bales on a comparable basis with the estimate for the previous year. These estimates are based largely on data of quantities of cotton taxes for local consumption plus adjustments. The consumption outlook for the 1953-54 year is not favorable because prices of cotton fabrics have dropped appreciably and large stocks of about 500 million pesos worth of cloth, etc., reportedly are being held by manufacturers. Trade sources estimate that at least 60,000 people are employed in the industry which, if strictly modernized, could operate with a much smaller number.

EXPORTS

Official export data are available only on a preliminary basis through April. These indicate very heavy exports of 954,000 (972,000) bales which is slightly more than the export surplus from the 1952 crop. Trade sources indicate even higher exports of 978,000 (996,000) bales for this 10-month period, July 1 to April 30. See Table 3, page 7.

SUPPLY AND DISTRIBUTION

Accurate data on stocks are not available. The trade now estimates that the stocks on July 1, 1952, were between 150,000 and 175,000 bales, but the Banco Nacional de Comercio Exterior estimates them at 101,000. The Embassy feels that 160,000 is reasonable. Together with the 1952 crop this would result in a total supply of 1,399,000 bales. Subtracting domestic consumption estimated at 320,000 this leaves an available supply for export and carry-over of 1,079,000. Official unpublished data from July 1, 1952, to April 30, 1953, show exports equivalent to 954,000 bales. This would leave 125,000 to cover exports during the months of May and June and the reserve for carry-over. Trade sources report that actual exports were 19,000 higher, or 978,000 up to April 30. If exports in May and June approximate 60,000 bales, this would leave stocks at the end of the season of only 65,000 bales which would be below the usually assumed minimum reserve requirements of 75,000 bales.

	1952-53 Estimate		1953-54 Forecast	
	1,000 bales 1/	1,000 bales 2/	1,000 bales 1/	1,000 bales 2/
Stocks on July 1	160	163	65	66
Crop	1,239	1,262	1,088	1,108
Total supply	1,399	1,425	1,153	1,174
Domestic consumption	320	326	310	316
Exports to April 30	954	972	768	782
Exports May and June	60	61		
Stocks June 30	65	66	75	76
Total distribution	1,399	1,425	1,153	1,174

1/ Bales of 230 kilograms (507 pounds) gross.

2/ Bales of 500 pounds gross.

Table 3.--COTTON: Direct exports from Mexico, 1949-53

(Thousand bales of 500 pounds gross)

Country of destination	Calendar years			Crop years 1/	
	1949	1950	1951	1951-52	1952-53 2/
Canada	8	2	2	6	3
Belgium	1	3	5	5	6
France	3/	3	119	125	1
Germany	3/	0	4	7	6
Japan	0	3/	13	16	177
United States 4/	531	709	627	733	735
Other countries	1	0	12	27	5/ 44
Total	541	717	782	919	972
Cotton shipments from the United States originating in Mexico 6/					
Canada	2	22	3/	3/	1
Cuba	3/	13	3/	0	6
Belgium	126	146	60	37	97
Finland	7/	1	3	7	16
France	3/	7	183	218	11
Germany	19	8	46	43	71
Italy	94	74	35	61	16
Netherlands	21	21	11	17	68
Spain	44	35	13	87	34
Sweden	3	27	23	24	14
Switzerland	13	42	20	13	14
United Kingdom	3	75	195	132	48
Yugoslavia	11	5	0	1	7/
India	7/	31	4	5	3
Japan	7/	178	234	194	348
Other countries	21	36	7	32	32
Total	357	721	834	871	8/ 779

1/ July-June.

2/ July-April.

3/ Less than 500 bales.

4/ Mostly for transshipment. Under the United States import quota only 18,500 bales (under 1-1/8-inch staple length) can enter annually for consumption.

5/ United Kingdom 11,000.

6/ Includes linters, waste, motes, and hull fibers; does not include transshipments to Canada by railroad and exports direct from Mexican ports to other destinations. Total imports to Canada from Mexico July 1952 through March 1953 were 32,000 bales.

7/ If any, included in "Other countries."

8/ 1952-53 July-March.

Sources: Anuario Estadistica del Comercio Exterior de los Estados Unidos Mexicanas, Revista de Estadistica, Foreign Service Reports, and Bureau of the Census, United States Department of Commerce.

Some sources even predict that it may be necessary to embargo further exports until the new crop arrives in order to assure adequate quantities for domestic consumption. Even though the tabulation appearing on page 6 may involve considerable error in estimates, it is certain that stocks on June 30 will be at a very low level.

If the current forecast of the 1953 crop and minimum reserve requirements of 75,000 bales on June 30, 1954, may be taken as accurate, a total of only 768,000 bales would be available for export during 1953-54, or about three-fourths as much as probably will have been exported in 1952-53.

MARKET OUTLOOK

It is particularly significant that Mexico has marketed nearly all of its 1952 cotton crop, while more than 2.7 million bales of the United States 1952 crop will still be in stock at the end of the season. The principal reason for the difference is that Mexican cotton is offered freely at from 1.0 to 1.5 cents per pound below the supported prices for United States cotton and has attained wide acceptance in the world market. Much of it is sold by United States companies but at prices lower than the supported price at which they sell United States cotton. The United States support price, therefore, acts as an umbrella permitting Mexican cotton to be marketed freely at a price just enough under the United States price to make it move.

Mexican cotton growers and traders, under these conditions, have had a favorable market and have experienced no difficulty in moving the large 1952 carry-over and crop from which exports set an all-time record. Moreover, they approach the end of the season with below-normal carry-over. For the next year, however, the trade anticipates more difficulty because of the large world supplies and declining prices. Principal favorable factors are that there is practically no exportable carry-over from the 1952 crop and that Mexico can continue to look to indirect price protection resulting from United States price supports.

Although the Mexican Government has not been directly involved in the marketing of cotton in recent years, there has been considerable discussion of trying to arrange barter or compensation agreements involving the exchange of cotton for other goods. If difficulties are encountered in marketing the 1953 crop, it is probable that such barter arrangements will be made.

The Union of Mexican Cotton Producers in its annual meeting in May discussed the advisability of establishing again a national cotton marketing organization with power to purchase and hold cotton for higher prices. However, in view of the unfavorable experience in this field with the Cotton Consortium less than ten years ago, it is believed to be unlikely that such a national marketing organization will be created in the near future.

The annual meeting of the growers' Union also resolved that Mexico should request the United States to increase its import quota for Mexican cotton. The Banco Nacional de Comercio Exterior has recommended that a special study be made of the cotton markets in Japan, Germany, the United Kingdom, France, Italy, and Spain.

The Mexican Government's export tax is now 15 percent plus 2 percent of the official valuation for tax purposes. Together with a municipal tax (2 percent of the export taxes), the total export taxes amount to about 17.34 percent, equivalent currently to 4.3 United States cents a pound. As a result of the declining prices and crop damage due to drought, the growers are insisting that the government reduce this tax to the maximum extent permitted by law.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 17-53 July 6, 1953

FOREIGN MARKET NOTES--COTTON

Cotton Situation in Western Europe [1]

By Francis H. Whitaker
Cotton Marketing Specialist

Cotton consumption in 15 countries of Western Europe during the year ending July 31, 1953, is expected to total about 6,275,000 bales based on trends and consumption statistics for the first 7 to 9 months. This is about 6 percent less than the 6,655,000 bales consumed in 1951-52 and about 13 percent below the 7,180,000 bales consumed during the 1950-51 season. Only in Finland, Germany, the Netherlands, Norway, and Spain is consumption likely to equal or exceed that of the preceding season. In Italy a drop of about 6 percent is expected. Countries in which the decrease in consumption is expected to run around 10 percent or less are Belgium, Denmark, France, Greece, Portugal, Sweden, and Switzerland. In the United Kingdom consumption this season is expected to drop about 12 percent and in Austria about 27 percent.

Imports and consumption in countries where comparable statistics are available show that imports, as in the two preceding crop seasons, are lagging behind consumption. Six months' statistics for Greece and Switzerland, seven months' for Austria and Spain, eight months' for Belgium, Finland, Italy, Netherlands, Norway, and Sweden, nine months' for France, Western Germany, Portugal, and the United Kingdom, and ten months' for Denmark show that imports totaled 4,356,000 bales, while consumption totaled 4,517,000 bales.

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[1] Part of a continuing study of foreign market outlets and competition with United States cotton being conducted by Mr. Whitaker under the provisions of the Agricultural Marketing Act. Mr. Whitaker is stationed in Paris, France, to report on cotton markets in Western Europe and the Mediterranean area.

This difference is partly accounted for by production in Greece and Spain. The 1952-53 crop of Greece, amounting to 115,000 bales, satisfied all the requirements of that country except for a few bales of Egyptian. In Spain the crop of 65,000 bales obviates imports of this amount. During the 1951-52 season, the countries West of the Iron Curtain as a group imported 2 percent less cotton than they consumed, and during the 1950-51 season they imported 8 percent less. Therefore stocks are extraordinarly low in many countries. It remains to be seen how low these countries will allow their stocks to go. Normally, they try to maintain working stocks equal to four to five months consumption. With a few exceptions stocks are now considerably below this level.

The countries of Europe are managing with as small stocks as possible. The reason for this is the weakened demand for textiles and the feeling that cotton prices will be lower in the new crop season. Many mills are buying strictly on a price basis. When cotton is needed, they decide how much they can afford to pay for the raw product, and then they purchase what they feel is the best quality available for the price. They do this regardless of where the cotton may come from.

United States cotton is having a difficult time in the European markets. Generally speaking, its present price is slightly above those of most other growths. On May 29, 1953, a prominent European importer who is engaged in the merchandising of cotton all over Europe was quoting U.S. Middling 1" cotton at 38 cents per pound, c.i.f. Europe. The same company was quoting Strict Middling 1" Mexican cotton at 36.5 cents; Strict Low Middling 1" cotton was quoted at 34.2 cents while the comparable quality of U.S. cotton was 36.9 cents. The only cotton which the firm quoted higher than U.S. growths was Turkish cotton, Middling 1-1/32" Turkish cotton being quoted at 42 cents while the comparable quality of United States cotton was 38.3 cents.

During the first seven months of the current season imports of United States cotton into Western Europe had decreased by 41 percent compared with the same period for last season, while imports of all cotton had decreased by only 19 percent. The price ratio of U.S. cotton to that of foreign growths is one of the principal causes. However, there is another very important obstacle to the export of U.S. cotton to Europe: many of the countries are purchasing their cotton under bilateral trade agreements. Outstanding among such agreements were the treaties between Italy and Turkey; between Germany and Turkey, and Germany and Egypt; and between the United Kingdom and Brazil. The Germans report that they would be willing to increase their imports of farm commodities from the United States by one hundred million dollars if the United States would increase their imports of German products by a like amount. Naturally, the countries concerned desire to do most of their trading with those countries which buy from them.

Table 1.--Western Europe: Total cotton consumption, seasons 1938-39, 1950-51 and 1951-52, and 1952-53 estimates

(Bales of 500 pounds gross weight)

Country	Season			
	1938-39	1950-51	1951-52	1952-53 1/
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria	180	99	95	69
Belgium	321	475	413	380
Denmark	37	47	47	45
Finland	63	53	58	60
France	1,316	1,205	1,202	1,130
Western Germany	1,150	1,046	964	1,000
Greece	85	114	110	100
Italy	711	985	890	840
Netherlands	260	298	265	280
Norway	11	20	21	21
Portugal	89	160	178	165
Spain	140	240	375	375
Sweden	157	135	128	120
Switzerland	141	168	156	140
United Kingdom	2,690	2,135	1,753	1,550
Total	7,351	7,180	6,655	6,275

1/ Estimates based on reported data for first 6 to 10 months of season.

Source: Compiled from official sources.

Table 2.--Western Europe: Cotton consumption and imports, seasons 1938-39, 1949-50 through 1951-52 and 1952-53 estimates

(Bales of 500 pounds gross weight)

Season	Consumption	Imports		Relationship imports to consumption
		All	United States	
	1,000 bales	1,000 bales	1,000 bales	Percent
1938-1939	7,351	6,593	2,014	90
1949-1950	6,762	6,901	3,702	102
1950-1951	7,180	6,597	2,438	92
1951-1952	6,655	6,516	3,116	98
1952-1953	1/ 6,275	-	-	-
1952-1953 2/	4,621	4,356	-	93

1/ Estimates based on reported data for first 6 to 10 months of season.

2/ Comparable period for consumption and imports. Statistics given are for 15 European countries.

Source: Compiled from official sources.

Table 3.--Cotton prices, c.i.f. Europe 1/

(In U.S. cents per pound)

Grade and staple	Prices of comparable qualities		
	Foreign growths		United States
		cents	cents
Orl/Texas Middling 1" ...			38.00
Strict Middling 1"	Mexican	36.5	2/ 38.35
T5 (Middling 1")	Brazilian	35.5	2/ 38.00
American Seed M/SLM 1" value	Pakistani	34.2	2/ 36.90
Strict Middling to Middling 1-1/32"	Turkish	42.0	2/ 38.30
Ashmouni Good 1-1/8"	Egyptian	3/ 38.9	2/4/ 40.51

1/ All these quotations were submitted by a prominent European importer, May 29, 1953.

2/ These prices were derived by using the 10-market average premiums and discounts for April. For instance, SM 1" is 35 points over M 1".

3/ At official rate of exchange. However, through the application of £-Egyptian export account or Import Entitlement Certificates for some countries prices are as much as 11 percent lower.

4/ Memphis M 1/8" is 251 points over M 1".

Table 4.--Western Europe: Imports of cotton into specified countries, 1951-52 and 1952-53

(Bales of 500 pounds gross weight)

Importing country	Months	August 1 through month shown			
		From all sources		From United States	
		1951-52	1952-53	1951-52	1952-53
		1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria	February	33	33	15	17
Belgium	March	374	269	275	91
Denmark	April	34	30	30	22
Finland	March	44	79	17	22
France	April	982	902	318	315
Western Germany	April	737	800	389	206
Greece	January	1	17	0	0
Italy	February	385	449	234	261
Netherlands	March	169	202	126	65
Norway	March	14	13	14	10
Portugal	April	157	158	18	1
Spain	February	227	173	158	82
Sweden	March	113	109	80	31
Switzerland	April	142	124	87	33
United Kingdom	April	1,621	931	680	328
Total		5,033	4,289	2,441	1,484

Sources: Compiled from official records of the International Cotton Advisory Committee, Bureau of the Census, and Cotton Division of Foreign Agricultural Service.

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FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
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JUL 14 1953

FC 18-53 July 7, 1953

BRITISH ARRANGEMENTS FOR COTTON BUYING, 1953-54 1/

The system of procedures under which cotton is to be imported into the United Kingdom in the 1953-54 season was announced by the President of the British Board of Trade on June 18, 1953. The announcement took the form of government approval and presentation before the House of Commons of a report by the Cotton Import Review Committee which had been appointed on March 10, 1953, jointly by the Board of Trade and the Ministry of Supply. The Committee was charged "to consider whether, within the framework of the report of the Cotton Import Committee 2/, any change would be desirable in the obligations and duties at present imposed on the Raw Cotton Commission, with respect in particular to the supply of cotton and provision of cover 3/ to the United Kingdom cotton industry; and to make recommendations." The report is of interest in exporting countries chiefly because it delineates the privileges of importers and the procedures to be followed in the second season (1953-54) in which spinners have been granted the option of buying their raw cotton from the Raw Cotton Commission or of importing on their individual accounts, using merchants in their discretion.

In a broad sense, the present system, which has been in effect since September 1, 1952, is to be continued through the new season. In substance it consists of two definite but related parts, viz: (1) regulations governing procurement of cotton and (2) regulations governing the provision of cover, i.e. price protection.

Procurement

With respect to procurement, spinners are to be permitted as heretofore to elect to take their cotton for the season from the Raw Cotton Commission or to "contract out," i.e., to import on their own account. Four groups of cotton

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1/ Based on a report by William Kling, First Secretary, American Embassy, London, and other material. This is a more detailed statement of the article on this subject which appeared in the June 8, 1953, issue of Foreign Crops and Markets.

2/ Appointed December 1951, its principal function was to recommend regulations under which cotton was to be imported into the United Kingdom in the 1952-53 season.

3/ Protection against price changes. In the original concept, cover constituted an obligation to supply cotton of a stated quality at a fixed price at a future time.

are designated. Group I is American type; Group II, Egyptian type; Group III, Peruvian and Californian; and Group IV, West Indian Sea Island. (For details by growths, see page 5.) Spinners may opt to "contract in" (i.e., elect to purchase from the Commission) for any one or more groups and "contract out" for the others. Furthermore, companies operating more than one mill unit may opt to "contract out" or "contract in" separately for each unit. Once the choice is made, however, it must stand for the season. This is in contrast with a current regulation which has permitted changing in 1952-53 from one source of supply to the other. Spinners are given until July 11 to declare their options with respect to Groups I, II, and IV, and until September 1 with respect to Group III. Spinners who "contract out" for the first time in 1953-54 are to be given access to the stocks of the Raw Cotton Commission in the early months of the new season (1953-54) until they have acquired sufficient stocks of their own.

The Cotton Import Review Committee estimates that during the 1952-53 season 30 percent of total imports were "contracted out" and will thus be on private account. By groups the estimated percentages are:

Group I (American type)	35 percent
Group II (Egyptian type)	15 percent
Group III (Peruvian and Californian)	36 percent
Group IV (West Indian Sea Island)	64 percent.

The Committee in its report contemplates the possibility that in 1953-54 the number of "contractors out" will exceed that of "contractors in."

The Raw Cotton Commission will, however, purchase the entire exportable surpluses in Nigeria, Aden, Nyasaland, and Grenada (West Indies) and will supply them both to "contractors in" and to "contractors out" who have been accustomed to use them. Open licenses (unlimited in quantity) will be granted for the importation of cotton from "sterling" sources as heretofore and additionally for cotton from "nonsterling nondollar" sources. Cotton from "dollar" sources will again be subject to import license, which will be related to transferable "entitlements" issued to spinners in proportion to their historical consumption. (Countries classified as dollar, sterling, and "nonsterling nondollar" are shown on page 5.)

The conditions of procurement are more fully set forth in a statement circulated in May by the Ministry of Supply to the cotton trade of the United Kingdom, from which the following excerpt is taken:

"Notification of Options for Groups I, II, and IV

"As before, the option will be exercised separately for each of the four groups of cotton. The choice is, for each group, between buying all your cotton privately (using merchants at your discretion) and obtaining your requirements wholly through the Raw Cotton Commission. The second contracting-out period for Groups I, II, and IV is the twelve months from 1st September, 1953, to 31st August, 1954, and notice of your intention to contract out or to buy from the Commission is required by 11th July, 1953, for these three groups. You are therefore asked to notify the Board of Trade Regional Office in Manchester on the enclosed form of your intentions in respect of Groups I, II, and IV by that date. Further copies of the option form may be obtained from the Regional Office.

"Group III

"As the second contracting-out period for Group III cottons (Peruvian and Californian) does not start until 1st January, 1954, you will not be asked to declare your choice in respect of this group until September, when a separate notification will be sent to you.

"Relaxation of Restrictions on Imports of Nonsterling Nondollar Cotton

"It has been decided that imports of nonsterling nondollar cotton will be allowed without any quantitative limit next season, as are imports of sterling area cotton at present. This means that no entitlements will be issued for these cottons. Instead, contracting-out spinners, and merchants, will be able to apply for Open Individual Licenses to import an unlimited quantity of cotton originating in and consigned from nonsterling nondollar countries during the year beginning 1st September, 1953.

"Contractors-out for the current season have already been informed that the facility will be available to them from June 1st next.

"Calculation of Dollar Entitlements

"As a result of the above relaxation, the only entitlements required in 1953-54 will be for dollar cotton. Individual dollar entitlements will be calculated on a similar basis to that used last year. That is to say, for each spinner who contracts out for Group I a notional total entitlement will be worked out in relation to his total consumption of Group I growths in the base period (i.e. the twelve months ended 31st March, 1953), and his dollar entitlement will be arrived at by applying a fixed percentage (which will be the same for everyone) to this notional entitlement. The Raw Cotton Commission's dollar entitlement will be calculated in the same way.

"Dollar entitlements will continue to be transferable among contracting-out spinners and merchants, and will, as at present, be available for the purchase of dollar cotton in any group.

"Advance Issue of Entitlements

"Spinners will receive their provisional dollar entitlements as soon as possible after options have been declared. (The entitlements cannot be finally calculated until September when actual end-season stocks are known.)

In order to ensure continuity of supplies, some spinners may wish to conclude forward contracts in July and August for delivery and payment after 1st September. To facilitate this, spinners will be able to use up to 50 percent of their provisional dollar entitlements to obtain import licenses in advance. The licenses will not be valid for import before 1st September, nor will the transfer of currency abroad be permitted before that date, although it will be possible to buy foreign currency forward or to open credits in advance.

"Irrevocability of Options

"Options once expressed may not be reversed in the course of the contracting-out period. The provision in the current season, whereby spinners may contract in again before the end of the contracting-out year if they wish, was intended only as a safeguard for the first experimental period of the return to private importing. It will not be repeated in the second contracting-out period.

"Combines

"An organization which keeps, or is prepared to keep, separate records and stocks for each of its component units may make a separate option for each unit. If there are a number of such units in a combine, every unit need not make the same option.

"Access to Raw Cotton Commission's Stocks

"Spinners who contract out for the first time from 1st September, 1953, in any group may find that they cannot make their own arrangements for new purchases quickly enough to ensure continuity of supplies to their mills at the beginning of the period. The Raw Cotton Commission will, therefore, be prepared to supply such spinners with cotton to bridge the gap until their direct purchases begin to arrive. The Commission will not undertake to supply more than three months' consumption, inclusive of bale cotton at the mill, in this way. Dollar cotton will be supplied only against the surrender of an entitlement. Spinners who contracted out in 1952-53 have received sufficient entitlement to enable them to build up an adequate end-season stock and will not, therefore, be entitled to draw on the Commission's stocks.

"Bulk-Bought Cottons

"In 1953-54 the Raw Cotton Commission will be buying the whole exportable surpluses of Nigeria, Aden, Nyasaland, and Grenada under existing contracts. It will be prepared to supply contracting-out spinners who use these growths with a reasonable share of available supplies at its normal selling prices.

"Imports by Merchants

"Facilities will be continued next season to enable merchants to import a certain amount of dollar cotton on their own account for eventual sale to spinners against surrender of entitlements. As explained in the paragraph entitled 'Relaxation of Restrictions on Imports of Nonsterling Nondollar Cotton,' merchants will be free to import as much nonsterling nondollar cotton, as well as sterling cotton, as they wish."

Groups and Currency Sources of Cotton as Defined by the British Ministry of Supply

	Source		
	Sterling area	Dollar area	Nonsterling nondollar area
Group I (American-Upland type)	British West Africa British East Africa (excluding B.P.52) India Pakistan Burma Iraq Cyprus	United States (excluding Californian) Mexico El Salvador Nicaragua	Argentina Brazil (excluding Serido) Paraguay Belgian Congo French Equatorial Africa American Seed Sudan China Iran Syria Turkey Greece U.S.S.R.
Group II (Egyptian type)	Aden Uganda B.P.52	Haiti	Egypt Sudan (excluding American seed) Brazil (Serido)
Group III (Peruvian and Californian)		United States (Californian)	Peru
Group IV (Sea Island)	West Indies		

Cover

Announcement of the British Government's program for the 1953-54 season was withheld until the Cotton Import Review Committee could arrive at a conclusion and make recommendations concerning the responsibilities of the Raw Cotton Commission with respect to "cover" under the conditions of trade anticipated in the new season. The decision is that the Commission shall afford cover in 1953-54 again to all spinners whether "contracting in" or "contracting out," as has been done in 1952-53, and to importing merchants. This decision was reached on the ground that the "provision of futures cover" is "essential to most of the Lancashire spinning industry" but that the reestablishment of a hedge market in the United Kingdom is as yet impractical, inasmuch as sterling is not yet completely convertible and restrictions continue in effect on imports of cotton from dollar sources. That the Raw Cotton Commission should continue to provide cover was taken to be the most practical choice of a number of alternative measures, although with a reservation that "it is intrinsically undesirable that cover for private trade should be provided at the risk of public funds." In the government's statement to the Commons it was intimated that after 1953-54 cover at the expense of public funds may not be available to importers operating on private account. Pending the possible development of some other mechanism for price protection, the merchanting and supply sections of the Raw Cotton Commission are to be separately operated, thus making possible a precise accounting of the cost of providing cover to the industry. The merchanting section of the Commission is to have facilities for insuring its risks with the cover section.

Various technical changes in the cover arrangements have been thought necessary in 1953-54 due, among other things, to the fact that with a substantial increase in "contracting out" and with its anticipated smaller stock holdings the Commission may be less able to afford protection on particular qualities of cotton, and due also to the fact that governments of some cotton-exporting countries have tied their selling prices to New York futures. Importers are to have the choice, however, as heretofore, of cover "at the Commission's current symbol price" of a particular growth or at the sterling equivalent of New York futures.

Through 1953-54, "cover" is to be afforded only on cotton bought for consumption in the United Kingdom and only to those spinners or merchants who can show an actual insurable interest, but importers will not be required to insure the whole of their business.

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FOREIGN AGRICULTURE CIRCULAR

UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREIGN MARKET NOTES--COTTON

The following information has been received from Carl C. Campbell, Marketing Specialist, Foreign Agricultural Service, who is making a survey of the market for United States cotton in Asia.

SINGAPORE AND MALAYA

The governments in Singapore and Malaya are very stable, and even though the Communist guerillas are still causing some trouble in the Malay States, the situation has improved considerably within the past year. Given a little more time, it is considered that the lawless elements can be brought under control. When this is accomplished, businessmen will have more confidence and it is believed that productive facilities will be improved and expanded.

Efforts are being made to expand food production in Malaya so that Malaya and Singapore will be self-sufficient in food. It is a recognized fact that the rubber growers can produce greater quantities of rubber with less effort if they replant their acreage with "blooded stocks" trees and it is expected that such action will be taken by most growers as soon as the lawless elements have been subdued and the competition from synthetic rubber can be more accurately forecast.

Whereas, the prosperity of Malaya as a whole is governed by the exports of rubber and tin, the prosperity of Singapore is dependent upon the volume of entrepot trade that can be carried on with the surrounding area, viz., Java, Sumatra, etc. Singapore merchants generally buy raw materials from the surrounding area and resell these materials to various countries and buy manufactured products from various countries and resell them to the surrounding area. Although some people object to paying "middleman profits," it is considered that in most cases the Singapore merchant provides valuable services, such as providing a means of financing while the goods are in transit, and supplying commercial "know-how." These two services in fact make the Singapore merchant "essential" if trade is to be carried on in any volume between this area and the rest of the world.

JUL 22 1953

So far this year, Indonesia has been limiting imports and, just recently, has put in a regulation prohibiting imports from entrepot points, so it is estimated that Singapore's trade will be from 25 percent to 50 percent below last year. The high prices for rubber and tin during part of 1950 and 1951 caused a boom in Malaya, especially in Singapore, and the drop-off in trade so far this year is noticed particularly. The Government of Singapore planned to license the import of $40 million Straits dollars (about $13.3 million U.S.) of cotton textiles from Japan during January-June of this year, but as of May 31, only around $12 million had been applied for and only about $6 million had actually been imported. The program for the whole year called for $80 million of cotton textiles from Japan.

It is not anticipated that conditions in Malaya will ever repeat the boom conditions that existed in 1950 and 1951, but trade should pick up substantially if conditions in the surrounding area improve. As pointed out before, Singapore's prosperity depends upon trade with the surrounding area and trade can thrive only when conditions within the area are good, whereas at present, the uncertainty and lack of confidence in the international situation appear to be depressing trade especially in the raw material producing countries. However, it is pointed out that at present some goods which would normally have been "channeled" through Singapore to Indonesia are being shipped directly from the source to Indonesia because of the policy Indonesia recently adopted regarding trade with entrepot ports.

Based upon "normal conditions," inventories of textiles in Singapore are not high today, but present inventories may be too high if Indonesia continues her policy of prohibiting trade with entrepot ports.

Most trading firms in Singapore are reasonably strong financially, but in recent months a few trading firms in Singapore have become insolvent.

The Malayan Textile Mills, Ltd., opened a 10,000-spindle spinning mill in Singapore a few months ago. It is anticipated that the mill will use 700 bales of cotton monthly and it is planned to use American cotton. Unfortunately, out of the first three shipments received, the mill claims "shy shipment" in two cases, and the disputes are currently being negotiated with the American shippers. The yarn which the mill will spin will be shipped across the Straits to the Malay State of Johore, where it will be woven into fabrics. This is being done in order to obtain tariff benefits as the duty on shipments of fabric from the Colony of Singapore into the Malay States is higher than the duty on yarn. Chinese capital from Hong Kong is financing the mill, and if this textile mill proves successful it is anticipated that others will be established in Singapore.

The Government of Singapore is encouraging industrial development in the Colony as it is concerned about the future, because if the Government of Indonesia continues to prohibit imports from entrepot ports, Singapore's trade may decrease to such a degree that the colony might develop a serious unemployment problem. Therefore, the Government is encouraging industrialization in the Colony in order to provide additional employment opportunities. In addition, if commodities are manufactured in the Colony, the Colony then becomes an "original" source and the policy prohibiting trade with entrepot ports would not apply to items manufactured in the Colony.

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FOREIGN AGRICULTURE CIRCULAR

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ACTIVITY SLOWED IN CANADIAN COTTON TEXTILE INDUSTRY

Mill Consumption

Consumption of cotton in Canada declined from 36,000 bales (of 500 pounds gross) in April to 30,000 in May and to 28,000 in June. A further decline in July was anticipated as inventories of goods accumulated. Consumption during August-June 1952-53 totaled 347,000 bales, and for the entire year it is expected to amount to nearly 370,000 bales, compared with 343,000 (reduced by 3-month strike) in 1951-52 and 480,000 in 1950-51. Some mills may close longer than the usual 2 weeks for vacations this summer.

Table I.--CANADA: Cotton consumption and indices for 1951-52 and 1952-53

(Index 1935-39 = 100)

Month	1951-52		1952-53	
	Bales	Index	Bales	Index
August	27,882	110.9	22,674	88.8
September	33,384	130.8	30,364	118.0
October	35,642	139.9	36,240	139.7
November	33,708	131.8	30,716	119.4
December	27,029	106.2	33,256	130.5
January	31,067	121.1	33,769	132.3
February	29,968	115.9	33,023	128.9
March	30,938	120.1	32,971	130.0
April	25,477	99.4	35,852	141.0
May	23,239	91.4	29,735	118.1
June	20,590	82.1	28,494	114.9
July	23,964	94.4	20,000 a/	
Total	342,888		367,094	

a/ Estimated.

Source: Cotton Institute of Canada.

Based on a report by Miss Louise Schaffner, American Embassy, Ottawa, Canada.

The reduction in mill operations of goods is attributed to a general downtrend in business and to increased imports of cotton goods and ready-to-wear apparel from the United States. The industry would welcome a return to a stronger United States dollar which would tend to make United States goods more costly in terms of Canadian dollars. Most mills hold stocks of cotton sufficient to cover requirements as far ahead as October (some cases, December) and are showing little interest in new-crop cotton.

Cotton Imports

Imports of cotton, amounting to 259,000 bales during August-March 1952-53, were approximately equal to the 255,000 bales imported during a similar period a year ago. However, there has been some shift this year from United States cotton to lower-priced foreign growths. Imports from the United States declined from 243,000 bales during the first 8 months of 1951-52 to 209,000 in the corresponding 1952-53 period. Imports from Mexico rose from 12,000 to 28,000 bales and those from Egypt increased from 288 to 19,400 bales.

Table II.--CANADA: Imports of cotton by country of origin, averages 1934-38 and 1945-49; August-March 1952-53 with comparisons

(In bales of 500 pounds gross)

Country of origin	Year beginning August 1				August-March	
	Averages					
	1934-38	1945-49	1950-51	1951-52	1951-52	1952-53
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
United States	279	295	445	300	243	209
Mexico	1/	79	62	31	12	28
Brazil	1/	16	2/	0	0	2/
Peru	1/	2/	1	2/	2/	2/
Egypt	7	1	2/	2/	2/	19
India	1	3	2/	2/	0	3
Others	1	1	1	2/	0	2/
Total	288	395	509	331	255	259

1/ If any, included in "Others."
2/ Less than 500 bales.
Compiled from official sources.

Mexican cotton is usually offered in Canada at a discount of 2 cents a pound or more under prices for American. In recent weeks small quantities of new-crop Matamoros (source of most Mexican cotton received in Canada) cotton have been offered in Canada at about one cent a pound discount under American prices but mills are showing little interest in any new purchases.

Cotton imports from Egypt have seldom reached 1,000 bales in a year except during the first 3 years of World War II when stock piling for military goods resulted in imports of Egyptian cotton ranging from 14,000 to 21,000 bales annually. Increased interest in Egyptian cotton (Ashmouni variety) during the current season is attributed to the exceptionally low prices at which it has been offered by the Egyptian Government since November 1952 when a new pricing policy was initiated. Ashmouni (Good Grade), which normally commands a substantial premium over similar grades of American-Upland, has been offered since February 1953 at 5 percent (about 1.7 cents) above near-month New York futures for Middling 15/16 inch.

A further reduction in price is effected through a system of Import Entitlements under which an Egyptian cotton exporter may retain as much as 75 percent of the foreign currency received from a shipment of cotton, and is given an entitlement to import goods of approved kinds to an equivalent value. These entitlements are negotiable and are frequently sold to Egyptian importers for prices high enough to permit cotton exporters to meet competition by discounting their selling prices to foreign buyers as much as 10 percent.

Two Montreal mills are reported to have bought about 25,000 bales (500 pounds each) of Egyptian cotton earlier this year to substitute for California cotton of 1-1/32 to 1-1/16 inches in staple length. One mill reported difficulty in adjusting equipment to use Egyptian cotton but the other anticipated no difficulty.

Imports of South American cotton in the first 8 months of the current season amounted to only 329 bales but about 13,000 bales of Argentine cotton purchased in February had not arrived at the end of March (latest month for which trade data are available). Negotiations for Brazilian cotton were unsuccessful because no mutually satisfactory price could be arrived at.

Raw Cotton Stocks

Stocks of cotton held by mills in Canada on January 31, 1953, amounted to 67,000 bales (about 2 months' requirements) but apparently have increased in recent months as data on imports through March, United States exports through June (New York Cotton Exchange), and known purchases outstanding at the end of March indicate that imports through May probably exceeded consumption by 15,000 to 20,000 bales.

A broker who recently visited the smaller Ontario cotton mills reports that they have cut back production to the point where their current stocks of raw cotton, once sufficient for use into September, are now probably enough to last into December. To a lesser degree, a heavy stock position exists in the case of the larger mills of Ontario and Quebec.

Table III.--CANADA: Stocks of cotton held by Canadian mills

Growth	January 31, 1952	July 31, 1952	January 31, 1953
American	70,504	50,434	58,156
Indian	676	339	1,550
Egyptian	244	174	3,228
Mexican	2,420	8,525	3,204
Peruvian	19	49	19
Sundries	73	80	1,087
Total	73,936	59,601	67,244

Source: Cotton Institute of Canada.

Current Marketing Situation and Outlook

The March Quarterly Cotton Report stated that the cotton textile business in Canada had recently become somewhat more stable, that mill orders were in good volume, and that mill activity was at a satisfactory rate. Evidences to the contrary began to appear later in the month, and since then the downward trend of business has become quite marked. Most mills have cut back production. Some of the smaller Ontario mills are said to be working three days a week. One of the larger mills in eastern Canada has reduced its output by 20 percent. Another very large establishment is currently working at 95 percent of normal capacity but is admittedly manufacturing to stock. Inventories are heavy throughout the primary industry.

Demand for yarns and piece goods is for nearby requirements, with customers insisting upon short-term delivery. This lack of trade confidence appears to stem to some extent from the downward movement of raw cotton prices during the second half of 1952 and from the prospect of heavy carry-over in the United States and another large American crop this fall. Producers have, in some cases, sought to meet this lack of trade confidence by manufacturing in advance of orders, obviously a somewhat risky and inefficient expedient. Another expedient that is being adopted by a very large company is that of intensifying its sales program with the emphasis upon specialized selling and upon a long-range program of advertising of trade marks and brand names. A company spokesman has described this newly launched advertising campaign as one which "for scope and concentration has never before been equalled in our industry." It has been necessitated, he says, by the repeated loss of business to United States firms whose nationally advertised products have become familiar to Canadian readers of United States magazines.

Several of the principal Canadian cotton mills have recently issued annual reports, and in each case net income from operations is well below that for the previous fiscal year, the drop generally exceeding 50 percent.

Until recently, the principal depressing factor in the industry has been the low textile price level and reduced operating margin which have resulted from efforts to meet United States distress and end-of-season prices. This situation has since been aggravated by a drop in mill orders.

Cotton Textile Imports

Imports of cotton yarns and threads and of cotton piece goods increased substantially during the first three months of 1953 as compared with the same period in 1952, according to the Dominion Bureau of Statistics.

Table IV.--CANADA: Cotton piece goods and yarn imports

	January-March 1952	January-March 1953
	Pounds	Pounds
Yarns and threads..........	1,546,920	2,783,902
Piece goods................	9,642,873	14,960,564
Total................	11,189,793	17,744,466

Competition From Imports of United States Textiles

Canadian cotton textile spokesmen appear to be as discouraged with business conditions today as at any time since the beginning of the textile recession in mid-1951. They blame their difficulties upon the "persistent efforts of reputable American firms to move part of their output into this market at prices existing in their home market which do not necessarily represent full cost of production."

There is little expectation in the industry that the present government will attempt a revision of the existing tariff structure. The hope among cotton manufacturers is that the balance of trade between Canada and the United States will worsen to the extent that the Canadian dollar will return to a discount in relation to the United States dollar, affording the equivalent of increased tariff protection.

In 1952 Canada imported 201 million yards of cotton piece goods from the United States as part of a domestic consumption of 465 million yards. That this rate of importation is continuing is evidenced by the fact that imports from the United States of gray and finished fabrics totaled 18,532,829 square yards in January 1953, 23,202,169 in February, and 20,533,311 in March. (These monthly figures are obtained by the Cotton Institute of Canada from United States export data.)

Other Foreign Competition

Low-priced Indian coarse cotton sheeting, ticking, and flannelette are still being offered in this market. Cotton piece goods from Hong Kong are also being shown here, according to the trade.

Competition From the Synthetics

Rayon yarns are increasingly displacing cotton in piece goods production. Rayon has entirely displaced cotton in tire cord manufacture, and rayon staple fiber is said to be making inroads into the insulation field.

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FC 21-53

July 17, 1953

FOREIGN MARKET NOTES--COTTON

The following information was obtained by Carl C. Campbell, Marketing Specialist, Foreign Agricultural Service. Mr. Campbell has recently returned to Washington, D. C., having completed the survey of the market for United States cotton in Asia.

INDONESIA

Area and Population

The Republic of Indonesia is composed of over 3,000 islands of volcanic origin, with a land area of around 750,000 square miles. The total population is estimated to be 70 to 75 million. The islands are very fertile and the population is engaged mostly in agriculture, and is predominantly Moslem. There is an abundance of tropical fruits and other locally produced food, therefore, extreme poverty is not as prevalent in Indonesia as in some other Asiatic countries.

In 1952, Indonesia had an adverse balance of trade, and even though imports have been restricted in 1953, it is expected that Indonesia will experience another deficit in 1953 as exports have not been maintained at the expected level. In order to restrict imports and get currency out of circulation, the Government requires a 75 percent deposit when import letters of credit are opened. This deposit is in addition to the margin required by the banks when opening credits.

Balance of Trade
(One million U.S. dollars)

Explanation	1951	1952
Visible Exports	+ 1,068.1	+ 789.5
Invisible "	+ 45.3	+ 69.8
Total "	+ 1,113.4	+ 859.3
Visible Imports	- 778.8	- 892.9
Invisible "	- 143.8	- 158.8
Total "	- 922.6	- 1,051.7
Balance	+ 190.8	- 192.4

Although some commercial financing is available from the banks at 6 percent per annum, financing from other sources costs from 10 to 15 percent per annum. The Government has restricted utilization of commercial financing in order to reduce imports and thereby assist in eliminating the deficit balance of payments position.

Trade

Although Indonesia has a sufficient land area to produce its needed foodstuffs, under present conditions about 15 percent of food requirements must be imported. In addition, over 80 percent of Indonesia's textile requirements must be imported.

Indonesia: Imports of specified commodities, 1952 and estimated 1953

Item	Unit of Measure	1952 Total, all sources	1952 From United States	1953 (Estimated) Total, all sources	1953 (Estimated) From United States
Raw cotton	500 lb. bales	9,770	9,770	10,000	10,000
Cotton yarn	metric tons	7,391	n.a.	7,000	-
Standard cotton fabrics	1,000 meters	396,105	n.a.	350,000	-
Leaf tobacco	metric tons	9,427	7,744	9,000	7,200
Cut tobacco	metric tons	1,001	20	1,000	-
Wheat flour	metric tons	145,032	50,651	145,000	50,000
Rice	metric tons	758,900	39,950	400,000	15,000

In addition to the regular import duties, Indonesia levies surcharges on the c.i.f. value of imports in an effort to discourage imports. On luxuries, these surcharges amount to as high as 200 percent. Some importers are of the opinion that Indonesia's imports, on a value basis, during 1953 will be approximately 25 percent below those of 1952, but that on a volume basis the degree of decrease will not be as great because of lower prices.

Raw Cotton

In past years, it is estimated that some years Indonesia produced as much as 20,000 bales of cotton per year. However, this year it is expected that approximately 50,000 acres will be devoted to cotton and that the crop will be around 12,500 bales (500 pounds gross). All of the cotton that is produced in Indonesia is consumed locally.

Production of Cotton Textiles in Indonesia

At present, there are approximately 61,000 cotton spindles, 11,000 power looms, and over 72,000 hand looms in Indonesia. Although 72,000 hand looms are registered with the Government, it is believed there are a great many more which are not registered. It is estimated that 8 to 9 million pounds of cotton yarn and 70 to 80 million meters of cotton fabric are produced annually in Indonesia. One of the first industrialization plans of the Government contemplated the installation of 250,000 additional factory spindles and 6,000 additional power looms by the end of 1953. However, to date only 30,000 additional spindles have been purchased and it appears that it will be some months before these will be installed. Thus, it is not expected that Indonesia's productive capacity in textiles will be increased significantly within the foreseeable future. Except for rubber and tin, Indonesia's production of exportable commodities is far below prewar averages.

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July 17, 1953

FOREIGN MARKET NOTES--COTTON

The following information was obtained by Carl C. Campbell, Marketing Specialist, Foreign Agricultural Service. Mr. Campbell has recently returned to Washington, D. C., having completed the survey of the market for United States cotton in Asia.

THAILAND

It is estimated that Thailand has an annual import requirement of around 2.5 million pounds of cotton yarn and about 100 million yards of cotton fabric. Some people consider that the fabric import requirement approximates 150 million yards, but it is believed that this figure is too high as the purchasing power of the general population is not sufficient to consume such a quantity.

Although some goods move through Thailand to Indochina, Malaya, and other nearby areas, entrepot trade is not an important factor in Thailand's over-all trade.

In recent months a number of trading firms have taken substantial losses in disposing of imported goods. A few textile dealers have gone bankrupt during this period. Although inventories are still on the high side, it is considered that the crisis has passed as business has been better in recent weeks and it is expected to pick up considerably in September after the rainy season ends and goods can move into the interior more readily.

Except for quota restrictions on a few items, there are no restrictions on imports at the present time. Foreign exchange can be freely purchased for any purpose, so restricted availability of foreign exchange is not a factor that impedes the flow of imports.

The Thailand Government has substantial holdings of gold and foreign exchange. It is estimated that these holdings are greater than the value of the Thailand currency in circulation.

At present, there are about 35,000 cotton spindles and 1,000 power looms in Thailand. Although there are a number of hand looms in the country, no information is readily available as to the approximate number.

Considering production of both hand and machine, yearly production of yarn is estimated at 6 to 8 million pounds and fabric at 30 to 40 million yards.

Over 100,000 acres of raw cotton are cultivated annually in Thailand and the crop approximates 25,000 to 30,000 bales (500 pounds gross). However, only around a third to a half of the crop is collected for mill use each year and the balance is hand-spun, used for wadding, etc. All of the domestically produced cotton is used locally and none is exported. It is not anticipated that cotton production will be expanded to any great degree in Thailand as other crops can be produced more favorably.

Around 2,000 to 4,000 bales of cotton are imported annually, depending upon the amount of indigenous cotton collected for mill use and upon the level of operations of the spinning mills. Most imports of raw cotton have come from the United States in recent years, but the price factor could change this as Thailand's production of yarn is in coarse counts and cotton from many sources could be used.

Thailand has an area of 198,247 square miles and is a very fertile country that is rich in natural resources. The population of Thailand is estimated to be between 17 and 18 million and its people are principally engaged in agriculture.

Thailand is one of the world's principal producers and exporters of rice, rubber, tin, and teak, but the gross national product of Thailand is estimated at a little over one billion United States dollars per year. Thailand plans to enlarge its industrial capacity but is not expected to become an industrial nation for many years to come.

Like Singapore and Indonesia, Thailand experienced a recession when rubber and tin prices dropped after the "boom" which resulted from the fighting in Korea. However, it is considered that adjustments have been made and that normal conditions can be expected unless the Korean armistice sets off unexpected influences which cause widespread disruptions in normal trade.

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UNITED STATES DEPARTMENT OF AGRICULTURE
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ERRATUM

The following corrections should be made on page 2, first paragraph, fourth sentence of FT 22-53, Foreign Market Notes - Tobacco, "Notes on the Tobacco Situation in the Netherlands," by George W. Van Dyne, Marketing Specialist, issued August 14, 1953:

Sentence should read as follows:

"Imports from the United States increased from 26,982,000 pounds in 1950 to 28,964,000 in 1951 but decreased to 19,985,000 pounds in 1952."

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FC 23-53 August 4, 1953

FOREIGN MARKET NOTES--COTTON

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The Cotton Textile Industry in Japan [1]

By Carl C. Campbell
Marketing Specialist

Introduction

The cotton textile industry was one of the most important in Japan during the prewar years. It is still one of Japan's principal industries although it has not regained its prewar importance. Japan was the foremost export outlet for United States cotton before the war, and still is today. This is true even though Japan's cotton textile industry has been re-established at only slightly over half its former size. Since a number of countries which formerly imported substantial quantities of cotton textiles from Japan now have cotton textile industries of their own, it is not anticipated that Japan will export cotton textiles at anywhere near the prewar volume. Therefore, Japan is not expected to purchase as much United States cotton as she did before the war. However, Japan will probably continue to be the biggest importer of United States cotton. If United States cotton is priced right, larger quantities probably could be sold to Japan, for generally speaking, the Japanese spinners prefer United States cotton if it can be obtained at a reasonable price.

Present Status of Raw Cotton in Japan

Due to the small volume of exports, cotton textile production in Japan has been limited for over a year and it is expected that this limitation on production will be continued for the remainder of this year unless the export volume increases considerably in the coming months. The estimated raw cotton position for this season is as follows:

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[1] Part of a continuing study of foreign market outlets and competition with United States cotton being conducted by Mr. Campbell under the provisions of the Agricultural Marketing Act. Mr. Campbell recently spent several months in Japan to report on the cotton market there. He also made brief surveys in other countries of Asia.

Table 1. - JAPAN: Supplies of raw cotton, August 1, 1952 and estimated for August 1, 1953

(Bales of 500 pounds gross weight)

Growth	Inventory Aug. 1, '52	Estimated			
		Arrivals Aug. 1, '52-July 31, '53	Total supply Aug. 1, '52-July 31, '53	Consumption Aug. 1, '52-July 31, '53	Inventory Aug. 1, '53
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Anglo-Egyptian Sudan	0.1	11.4	11.5	9.2	2.3
Afghanistan . . .	-	3.6	3.6	3.6	-
Argentina	1.5	61.0	62.5	20.0	42.5
Brazil	12.8	46.0	58.8	27.0	31.8
Burma	11.2	48.5	59.7	37.0	22.7
Egypt	26.7	83.5	110.2	75.0	35.2
India	39.1	180.0	219.1	175.0	44.1
Iran	-	21.0	21.0	12.0	9.0
Mexico	35.6	493.5	529.1	460.0	69.1
Nicaragua	-	9.9	9.9	5.0	4.9
Pakistan	109.1	440.0	549.1	420.0	129.1
Paraguay	0.3	11.0	11.3	11.0	0.3
Peru	4.8	22.0	26.8	21.0	5.8
Turkey	1.2	10.0	11.2	2.0	9.2
Uganda	18.4	32.0	50.4	40.0	10.4
United States	302.9	600.0	902.9	720.0	182.9
Other	4.3	5.0	9.3	7.4	1.9
Total	568.0	2,078.4	2,646.4	2,045.2	601.2

Source: Compiled from official and trade sources.

Note: In addition to the above raw cotton, it is estimated that Japan will consume from 60 to 70 thousand bales of imported cotton waste. The consumption figures for raw cotton and for cotton waste may be inflated a little as it is very hard to determine just how much cotton and waste is being used for non-spinning purposes, but in recent months, it appears that at least 10 thousand are being consumed monthly for non-spinning purposes. However, it is quite apparent that the total consumption of raw cotton will exceed 2 million bales unless consumption is reduced substantially during the months of June and July which looks highly unlikely.

Balance of International Payments

At present Japan has no difficulty balancing her payments. This is due to the procurement which the United States carries out in Japan in support of the military in Korea, and of the security forces in Japan. For the Japanese fiscal year April 1, 1953 - March 31, 1954, it is estimated that such procurement will approximate $453 million. If such procurement were substantially reduced, Japan probably would have a difficult time balancing her payments.

Industrial Activity and the National Income

Considering the average of 1934-36 as 100, the industrial activity index reached 157.2 in Japan in March 1953. While the over-all manufacturing index was 149.8 during March, the cotton yarn index was only 55.7 and the cotton fabric index was only 66.5. The cotton textile indices are low principally because there is not the demand for Japanese cotton textiles today that there was in prewar years.

Basing computations on the prewar commodity price level (a composite of commodity price, producer goods price, and other indices for 1934-36) and the average for the Japanese Government fiscal years 1934-36, the national income index for the Japanese Government fiscal year 1951-52 was 115.9 and the actual national income was ¥4,849,367,000,000, which is about 14 billion dollars at the official exchange rate for the yen. It is estimated that the 1952-53 index was slightly higher and that the 1953-54 index will be about the same as 1952-53.

Foreign Trade

In order to facilitate and expand foreign trade the Japanese Government has entered into trade and financial agreements with many countries. Some of these agreements provide for trade on a Dollar cash basis, some on a Sterling cash basis, and some on an Open Account basis with periodical settlement of balances in a mutually acceptable currency. The Japanese Government considers that such agreements are necessary at least until international currencies become convertible, and in some cases even after that time.

In recent months foreign trade has been somewhat depressed due to uncertainty about the future resulting from the prolonged Korean truce negotiations. However, over-all trade is expected to approximate the volume of trade during the past year, but trade goals have been set a little higher in hopes that volume of trade will increase whenever the international political situation becomes stable. This might result if the Korean negotiations prove satisfactory.

Estimated quantities of certain agricultural commodities which Japan may import from the United States during 1953-54, as compared with 1952-53 are as follows:

Commodity	Actual imports from the United States April 1, 1952- March 31, 1953	Estimated imports from the United States April 1, 1953- March 31, 1954
	-Metric Tons-	
Wheat	1,136,000	900,000
Barley	368,000	200,000
Rice	242,000	1/
Soybeans	288,000	250,000 (Beans)
		50,000 (Soybean cake)
Tobacco leaf	5,800	2,500

1/ It is anticipated that Japan will import all the rice that is made available under the United States allocation program.

Note: The foregoing estimates were obtained from the office of the Agricultural Attache, American Embassy, Tokyo, and represent an evaluation by the Embassy staff of the Japanese Foreign Exchange Budget for 1953-54, plus unofficial reports from Government and trade sources.

Foreign Investment and Technical Assistance

To expand and improve their industries the Japanese have sought to attract foreign investments and to obtain technical assistance from companies in foreign countries. From 1950, when resumption of foreign investment in Japan was permitted, until February 1953, foreign investors purchased approximately $28 million of Japanese securities, and 221 technical assistance contracts were signed with companies in ten different foreign countries. The Japanese also have sought to invest in certain foreign countries--particularly in Southeast Asia--in order to assist in the development of those countries. In addition, the Japanese have cooperated with several countries by supplying technicians and experts needed to accomplish certain jobs. Although Japanese endeavor in this direction has been slowed up, the announced policy of the Japanese Government is to do everything possible to persuade other countries to approve Japan's participation in the economic development of underdeveloped countries. This matter is complicated by the reparations issue now pending with the countries of Southeast Asia. However, it is thought that this situation can eventually be adjusted.

Spinning, Weaving and Processing Cotton Goods

Before the war Japan had between 12 and 13 million spindles and in many years exported more cotton fabrics than were produced in Japan during 1952.

For instance, during the 1934-36 period, 73.4 percent of cotton fabrics produced in Japan were exported, whereas in 1952 only 34 percent of the cotton fabrics produced were exported.

At the end of March 1953, Japan had 7,465,917 cotton spindles. Only 74.7 percent of these spindles were operated during March. At the same time Japan had 308,093 cotton looms, and only 55 percent of the looms operated during March.

The Japanese made, and are still making, efforts to modernize and rationalize their cotton textile industry. At present about 10 percent of the spindleage is either super-high draft or semi-super-high draft. Two Japanese finishers already have sanforizing machines and three others have them on order. In addition the finishers have adopted other methods to improve their products and to modernize their operations. Generally speaking, the industry has made progress along these lines within the past three or four years and some Japanese cotton textile plants now compare favorably with such plants in any other country in the world.

Yarn and Fabric Production

During 1952 cotton yarn production totaled 778.9 million pounds and cotton fabric production totaled 2,238.8 million square yards. In general, quality of production has improved during the past two or three years and the Japanese are constantly adopting processing techniques and policies which should result in even better quality in the future. At present, the average yarn-count spun in cotton is around 27s count when the industry as a whole is considered, but when only the production of the former "Big Ten" is considered, the average count spun is around 30s count.

During 1952, 29.5 million pounds of cotton yarn and 760.9 million square yards of cotton were exported and it is expected that exports during 1953 will be at least as high, and probably a little higher.

Labor and Wages

The total labor force in Japan is around 38,000,000 workers, of which approximately 18 million are agricultural workers. As of June 30, 1952, there were 27,851 unions in Japan, with a total membership of 5,719,560. Although wages paid workers have increased within the last few years, in general, wages paid Japanese industrial workers are still lower than the wages paid industrial workers in most other industrial countries. In September 1952, the average monthly wage for workers in all industries was ¥13,638 (about $38 at the official rate of ¥360 to $1.00 U.S.). The wages paid workers in the textile industry are in line with wages paid workers in other industries. The textile companies provide many fringe benefits which should be considered when comparing wages of the textile industry with wages in other industries in Japan, and when comparing wages paid to Japanese textile workers with wages paid textile workers in other countries.

Economic Policy

Industrial and economic organizations have been encouraging the Japanese Government to establish a long range economic policy so that satisfactory plans can be made by businessmen. Businessmen are becoming concerned over the attitude certain people and governments are taking toward importation of Japanese goods. The Japanese are also disturbed by the trend that seems to be developing in regard to protective measures. Some countries with "infant industries" have already put such measures into effect. The Japanese would like to be admitted to GATT, and they have decided that until Japan is permitted to participate in GATT they will administer a "double tariff" against import goods from countries which do not give MFN treatment to Japan. This action is permissible under the present Japanese tariff law. At present the Japanese schedule gives protection to several industries. However, it has been pointed out to the Japanese that trade is a "two-way" matter and that if Japan wants access to other markets, she must give other countries access to Japanese markets.

Outlook

Domestic prices have been, and still are, above world market prices. This has tended to influence Japanese export quotations upward, as the mills are not too interested in export business. In the past few months domestic demand has been much higher than expected and the mills have been doing a substantial domestic business. However, the Government recently started an export link system in the allocation of cotton, and it is expected that the mills will begin to show more interest in export business in order to get increased allocations of raw cotton. Actually, it is considered that Japanese merchants have been concentrating on import and domestic business rather than exports because that type of business has been easier, the risk less, and the profits higher.

However, it is a foregone conclusion that Japan must do something to expand exports or she will be in an untenable position in regard to her balance of payments, should United States Special Procurement drop off substantially. What is needed is an incentive for exporters to promote and develop business. In other words, the profit motive must be attractive enough to make Japanese merchants want to do export business. At present the Japanese Government is considering establishing a special tax program which would benefit export merchants. This may accomplish the desired result but if it does not, some other action must be taken for, given more normal conditions, Japan must expand her exports above current levels in order to generate enough foreign exchange to pay for her imports.

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FOREIGN MARKET NOTES--COTTON

Report on Cotton in India 1/ 2/

Carl C. Campbell
Marketing Specialist

Summary

Production of cotton in India for the period August 1, 1952 to July 31, 1953 is estimated at 2.9 million bales (500 pounds gross weight). It is estimated that India will actually consume more Indian cotton during this period than she produced. The inventory, as of August 1, 1953, is estimated at about 480 thousand bales below last year's August 1 inventory.

India will export more cotton and import less this year than last, according to reported estimates.

Exports of Indian cotton are expected this year (August 1, 1952--July 31, 1953) to approximate 300 thousand bales, compared with 123 thousand bales last year (August 1, 1951--July 31, 1952).

Imports of cotton by India for the same period are estimated at about 530 thousand bales this year, compared with last year's imports of more than one million bales. Imports from the United States this year will total about 81 thousand bales compared to 732 thousand bales last year. Principal sources were Egypt and East Africa.

The cotton textile industry in India now operates around 11 million spindles, and the annual consumption of cotton by the industry is about 3.6 million bales.

1/ Part of a continuing study of foreign market outlets and competition with United States cotton being conducted by Mr. Campbell under the provisions of the Agricultural Marketing Act. Mr. Campbell recently spent several months in Asia to report on the cotton markets there.

2/ Statistics presented herein are to be regarded as preliminary.

Exports of cotton textiles from India are not as high as hoped, but substantial quantities of cotton yarn and fabrics are moving out of the country. Exports are expected to continue at least at current levels.

India is importing rayon yarn, staple fiber and rayon piece goods, and is exporting small quantities of rayon fabric.

Raw Cotton

In 1952-53, India devoted almost 16 million acres to the production of cotton. A little over one million of these acres were under irrigation. The 1952-53 crop is estimated, by trade sources, at 2.9 million bales (500 pounds gross), while the Government of India's estimate is about 10 percent lower. The higher figure is used since the Government's estimates usually have been on the low side.

During 1953-54, about the same acreage (16,000,000 acres) or possibly 5 percent higher will be devoted to cotton, but the crop is expected to be about 10 percent higher than the 1952-53 crop. Efforts are being made to increase yield by using improved seed, more insecticides, and better cultivation methods.

The Indian Government's "First Five-Year Plan" anticipated that it might be possible to devote as much as 18,000,000 acres to cotton by 1955-56 if additional acreage is put under cultivation as planned. In that case it is estimated that over 3.5 million acres of cotton would be under irrigation. The total crop would be over 3.6 million bales (500 pounds gross) if the Plan is realized.

Under the Plan it is expected that all new acreage devoted to cotton will be used to produce American-type cotton. Also, it is expected that some acreage presently devoted to Deshi cotton will be shifted to American-type cotton. In general, 1-1/16" cotton is considered the maximum staple length that can be grown in commercial quantities. However, efforts will be made to grow cotton of longer staple lengths.

Table 1.--India: Status of Indian Cotton, 1952-53 - Estimated
(Bales of 500 pounds gross weight)

Supply and Distribution	Unit
	1,000 bales
August 1, 1952 inventory:	
With mills	1,052
With trade	660
Total inventory	1,712
Estimated production	2,900
Total availabilities	4,612
Consumption and exports:	
Estimated consumption by mills	2,860
Estimated consumption by non-mill users	220
Estimated exports	300
Total disappearance	3,380
July 31, 1953 estimated inventory:	
Mills	939
Trade	293
Estimated carry-over, August 1, 1953	1,232

Source: Compiled from official sources.

Exports

It is estimated that exports for the period August 1, 1952, to July 31, 1953, will approximate 300,000 bales. India's exports during 1952-53 are considerably higher than its exports during 1951-52, which totaled about 123,000 bales. Following are data regarding exports of Indian cotton:

Table 2.--India: Exports of Cotton by Countries of Destination
(Bales of 500 pounds gross weight)

Countries of destination	Year beginning August 1	
	1951-52	1952-53 1/
	1,000 bales	1,000 bales
United States	9.1	33.7
United Kingdom	6.4	15.6
Western Germany	7.5	16.6
Netherlands	3.4	17.8
Belgium	3.6	16.6
France	11.1	17.2
Switzerland	1.3	0.9
Italy	4.0	12.6
Japan	72.0	141.2
Canada	0.5	3.2
Australia	0.2	1.9
Other countries	3.9	4.5
Total	123.0	281.8

1/ Eleven months, August 1, 1952 - June 30, 1953.

Source: Compiled from official sources.

Table 3.--India: Imports of Cotton by Countries of Origin
(Bales of 500 pounds gross weight)

Countries of origin	Year beginning August 1		
	1951-52	1952-53 1/	1952-53 2/
	1,000 bales	1,000 bales	1,000 bales
United States	731.6	77.1	81.0
East Africa	105.3	171.7	196.0
Egypt	115.7	180.2	196.0
Other countries	57.6	65.5	57.0
Total	1,010.2	494.5	530.0

1/ Eleven months, August 1, 1952 - June 30, 1953. 2/ Estimated.

Source: Accounts Relating to the Foreign Sea and Airborne Trade and Navigation of India; and official sources.

Table 4.--India: Status of Cotton in Mills - Estimated
(Bales of 500 pounds gross weight)

Description	Stocks August 1, 1952	Estimated receipts August 1, 1952-July 31, 1953 1/	Estimated consumption August 1, 1952-July 31, 1953	Estimated stocks August 1, 1953
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Indian	1,052	2,747	2/ 2,860	939
Egyptian . . .	31	196	130	97
United States	265	155	375	45
Other foreign	50	286	215	121
Total . .	3/ 1,398	1/ 3,384	3,580	4/ 1,202

1/ Includes cotton which was in hands of trade August 1, 1952, and which was subsequently delivered to mills.

2/ It is estimated that an additional 220 thousand bales will be consumed for non-mill uses.

3/ In addition, the following cotton was held by others, as of August 1, 1952: Indian, 660,000 bales; United States, 74,000 bales; East African, 33,000 bales; Total, 767,000 bales.

4/ In addition, it is estimated that the following cotton will be held by others as of August 1, 1953, considering exports are 300 thousand bales: Indian, 293,000 bales; Foreign, 0.

Source: Compiled from official sources.

In the years to come, it is estimated that India will need to import from 400,000 to 650,000 bales of American-type cotton (1-1/16" to 1-3/8" staple), depending upon the type of textiles manufactured in India and the success India has in growing cotton of 1-1/16" staple length and longer. If United States prices are competitive, it is anticipated that the United States will sell 200,000 to 300,000 bales of cotton to India annually unless India has serious foreign exchange difficulties. At present, approximately 125,000 bales of American cotton which India purchased in 1951-52 remain unshipped. Furthermore it is expected that this quantity will be the only imports of American cotton into India during the balance of this calendar year unless present plans are modified.

Cotton Textiles

It is estimated that by September 1, 1953, India will have installed about 11.5 million spindles and 202 thousand power looms. In addition, India has more than 2,000,000 hand looms. It is estimated that by 1956 approximately 500,000 additional spindles will be installed but no increase in the number of power looms is expected. However, the "First Five-Year Plan" anticipates that production of hand-loom fabrics will be more than doubled between 1950-51 and 1955-56 so if the Plan is realized the number of hand looms probably will have to be increased.

Table 5.--India: Production Trends of Cotton Textile Industry

Description	Unit (In millions)	Calendar Year 1951	1952	1953 (Estimated)	1956 1/ (Estimated)
Yarn	pounds	1,303.8	1,448.3	1,500	1,640
Fabric:					
Mill production	yards	4,076.2	4,606.7	4,700	4,700
Hand-loom production	yards	800.0	1,000.0	1,000	1,700

1/ If "Plan" is realized.

Source: Compiled from official sources.

From April 1, 1952, to January 31, 1953, India's exports of cotton textiles were 17 million pounds yarn, 484 million yards mill fabric, and 44 million yards hand-loom fabric. Exports of yarn and fabric by countries of destination are shown in tables 6, 7 and 8.

Table 6.--India: Exports of Yarn by Countries of Destination

Countries of destination	Year beginning April 1 1950-51	1951-52	1952-53 (Estimated)
	Million pounds	Million pounds	Million pounds
United Kingdom	10.4	0.3	0.2
Belgium	10.3	0.5	1/
Aden	7.8	0.4	2.5
Pakistan	1.6	1.3	1.0
Burma	2.1	0.6	1.4
Singapore	5.2	0.5	3.2
Thailand	3.6	1/	1.4
Hong Kong	22.2	0.7	6.2
Others	11.3	1.9	1.4
Total	74.5	6.2	17.3

1/ Less than 500,000 pounds.

Source: Compiled from official sources.

Table 7.--India: Exports of Mill-made Cotton Fabrics by Countries of Destination

Countries of destination	Year beginning April 1		
	1950-51	1951-52	1952-53 (Estimated)
	Million yards	Million yards	Million yards
United Kingdom	91.4	49.2	2.2
Kuwait	19.0	4.1	11.5
Aden	80.2	29.6	68.0
Iraq	21.3	5.5	7.6
Iran	19.5	1.2	7.8
Afghanistan	37.2	23.0	27.0
Pakistan	48.0	27.4	45.0
Ceylon	45.6	8.6	17.3
Burma	137.5	12.7	78.5
Singapore	266.0	58.8	91.5
Federation of Malaya	25.1	4.9	8.0
Hong Kong	24.6	6.9	8.7
Nigeria	21.0	8.0	14.8
Rhodesia	12.1	2.8	6.4
Kenya, Zanzibar, and Pemba	33.3	14.0	28.0
Tanganyika	17.9	7.3	20.7
Anglo-Egyptian Sudan	47.6	20.2	59.0
Canada	16.5	3.2	4.2
United States	44.6	29.3	1/
Australia	54.6	24.8	6.5
Other countries	146.9	45.9	52.2
Total	1,209.9	387.4	564.9

1/ Less than 500,000 yards.

Source: Compiled from official sources.

Table 8.--India: Exports of Hand-loom Cotton Fabrics by Countries of Destination

Countries of destination	Year beginning April 1		
	1950-51	1951-52	1952-53 (Estimated)
	Million yards	Million yards	Million yards
Aden	2.4	2.7	3.6
Ceylon	24.6	17.5	26.7
Singapore	7.7	2.3	4.1
Federation of Malaya	9.5	4.7	3.3
Nigeria	8.1	7.4	10.1
Other countries	7.5	5.4	6.6
Total	59.8	40.0	54.4

Source: Compiled from official sources.

The Indian Government discourages industrial improvements if they result in reduced demand for labor. This policy is followed because there is already unemployment in India and the Government does not want this situation to become worse. In fact, the Government has been limiting mill production of sari and dhoti fabric to 50 percent of estimated needs in order to give hand weavers more work. However, it is reported that this limitation was removed recently.

Domestic demand for mill-produced fabrics has been very strong in India so far this year, but exports have not been as high as expected. It is reported that some goods supposedly being consumed are in fact being smuggled overland into Pakistan. Also, hand-loom fabrics are thought by some to be priced too high for the average consumer, so they are not being produced in the volume planned (50 percent of estimated requirements of sari and dhoti fabric). This results in a strong demand for mill-produced fabrics. The hand-weaving industry is unorganized so it is not readily evident whether its production is holding up or not. In addition, there is some feeling that the big domestic demand may be the result of the building up by wholesalers and retailers of inventories of textiles to normal from the undesirable levels to which they were reduced during the past couple of years. If this proves to be the fact--and it undoubtedly has influenced domestic demand considerably--domestic business in India may drop off as soon as such inventories are built back to normal levels. However, some of the more optimistic Indians consider that the strong domestic demand is the result of general improvement in the Indian economy and that domestic demand will continue expanding as the "First Five-Year Plan" progresses.

Compared to operations of the average United States or Japanese cotton textile mill, the Indian mills are less efficient and the quality of Indian-manufactured textiles is lower. However, the Indian mills have an advantage for they obtain their requirements of Indian cotton at bargain prices due to the fact that the domestic price of Indian cotton is maintained at a low level by the Government. Therefore, the Indian mills can quote competitive export prices even considering the lower quality of the Indian goods. The Indian Government considers that India should export about one billion yards of cotton fabric annually. Efforts will be made to export this quantity in the years to come, but so far this year, cotton fabric exports have been running at a rate substantially below that figure.

Per Capita Consumption

In 1952, per capita consumption of cotton textiles in India was around 12 yards. This compares with an estimated prewar per capita consumption of 18 yards, which is also the goal of the "First Five-Year Plan." It is pointed out that an increase in consumption of one yard per capita would total over 350 million yards, and would require almost 200,000 bales of cotton for its manufacture. Or, if Indian consumption were increased by six yards per capita as planned, around 1,200,000 bales of cotton would be required annually to manufacture the additional yardage needed. However, the purchasing power of the average Indian probably will not be increased sufficiently to realize the aims of the Plan. Little effort is being made to increase per capita production in India, and per capita production is the prerequisite to a higher standard of living. But, when the man in the village in India receives enough education to aspire to a better life, and when he is willing to change his farming methods in order to produce more and realize his aspirations, the standard of living in India can be raised. Until that time, however, it is considered that little can be done to increase per capita consumption of textiles and other consumer goods. Regardless of this fact, over-all consumption of cotton textiles in India should continue to rise as the yearly population increase of 5 million would require an additional 60 million yards of textiles at the present per capita consumption rate. Around 33 thousand additional bales of cotton would be needed to meet this increased annual requirement.

Imports of Agricultural Products

India is making efforts to become self-sufficient agriculturally but she probably will continue to find it necessary to import certain agricultural products.

Table 9.--India: Principal Imports of Agricultural Products

Commodity	Unit of measure (1,000's)	1952		1953 (Estimated)	
		From United States	Total	From United States	Total
Cotton . . .	500-lb. bales	1/ 732	1/ 1,010	2/ 81	2/ 530
Wheat . . .	long tons	3/ 1,762	2,511	650	1,800
Milo	long tons	4/ 541	631	200	250
Rice	long tons	0	723	0	400
Tobacco . .	pounds	4,074	5,926	4,000	6,000

1/ August 1, 1951 to July 31, 1952.
2/ August 1, 1952 to July 31, 1953.
3/ 872 thousand tons of this quantity were provided under the United States loan.
4/ 241 thousand tons of this quantity were provided under the United States loan.

Source: Compiled from official sources.

Synthetic Textiles

India has started a rayon industry and it is planned to expand it under the "First Five-Year Plan."

Table 10.--India: Rayon Manufacturing Capacity

Types	Rated capacity Calendar year 1952	 1956 (Estimated)
	Million pounds	Million pounds
Rayon filament	9.6	1/ 22.0
Rayon staple fiber . .	-	1/ 11.2

1/ New plants and expanded facilities are currently under construction to provide this capacity.

Source: Compiled from official sources.

It is estimated that India requires from 50 to 55 million pounds of rayon filament yarn annually so it is anticipated that she will find it necessary to import around 30 million pounds of rayon filament yarn annually even if the Plan is realized.

Table 11.--India: Imports of Rayon

Types	Unit of measure (In millions)	Calendar year 1951	 1952
Rayon filament yarn .	pounds	48.5	19.1
Rayon staple fiber .	pounds	29.1	15.9
Rayon piece goods . .	yards	2.4	2.0
Spun rayon yarn . . .	pounds	3.6	5.3

Source: Compiled from official sources.

Table 12.--India: Rayon Production and Goals, Calendar Year Basis

Types	Unit of measure (In millions)	1952 Production	1956 Goal
Rayon filament yarn .	pounds	8.0	22.0
Rayon staple fiber .	pounds	0	11.2
Rayon fabric	yards	15.0	60.0
Spun rayon yarn . . .	pounds	20.0	20.0

Source: Compiled from official sources.

India exported 8 million yards of rayon fabric in 1951 and 4.8 million yards in 1952. It is anticipated that India will continue to export modest quantities of rayon fabric.

a. Balance of Payments:

Indications are that India's balance of payments will show a small deficit in 1953. It is anticipated that as India becomes more self-sufficient in raw cotton and foodstuffs the deficit in trade with the dollar area will be reduced.

b. Interest Rates:

Most firms in India have a reasonable supply of operating funds and depend only to a minor degree on borrowed funds. Commercial interest rates range from 6 to 18 percent per annum, depending upon the financial standing of the borrower. Reputable cotton mills can obtain financing at rates ranging from 6 to 8 percent per annum.

c. Foreign Investment in India:

Foreign investments in India are estimated to total between 800 million and one billion dollars. At present, Indians in East and South Africa and Southeast Asia appear to be transferring capital to India, so the need for foreign investment has diminished somewhat but some foreign investment is still being made in India and the Indian Government encourages such investment in certain cases.

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FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C.

FC 25-53 August 26, 1953

FOREIGN MARKET NOTES---COTTON

Spanish Cotton Situation

By Francis H. Whitaker
Marketing Specialist

Cotton consumption in Spain for the season August 1, 1952 through July, 1953, is expected to be 350,000 bales, compared with 375,000 bales in the previous corresponding period. This includes an estimated consumption for July of about 26,000 bales. During the first eleven months of the cotton year, consumption averaged about 29,500 bales a month.

The usual spring increase in consumption did not materialize. There was a lessening of domestic requirements which can be traced primarily to the drouth Spain has experienced during the past season. The drouth, by reducing agricultural production, lessened employment and reduced the earnings of the Spanish people. Furthermore, higher-than-normal prices for food caused workers to spend most of their incomes for it, so there was little left for textiles and other non-food products. Also, the mills reduced their production, since they expected cotton could be bought at lower prices later in the year. However, in spite of the reduction in demand, consumption in the current year was only about 7 percent less than in the previous year. A few mills closed down, but most mills operated on two shifts of eight hours each.

Supply

Known stocks of raw cotton in Spain are sufficient for about two months' consumption. It is reported that there is also sufficient other cotton available to last for one more month, making a supply adequate for about three months' consumption.

Although supplies of cotton in Spain are higher than usual, they are still less than are needed. During the postwar years the Spanish textile industry usually had on hand only a few weeks' supply, and in some instances only enough for a few days. The industry considers present stocks to be ample for operating purposes.

Mr. Whitaker acknowledges the help of the staff of the American Embassy at Madrid, the American Consulate at Barcelona, and members of the industry in Spain.

Imports and Prices

During the present crop season, up to June 1, Spain had imported about 265,000 bales of cotton, of which about 45 percent was of United States origin, about 24 percent came from Egypt, and the balance was imported from Mexico, Brazil, Turkey and Pakistan. Most of the cotton imported into Spain is purchased by the mills through the Spanish National Cotton Center. This organization's prices for cotton in pesetas per kilo and equivalent U.S. cents per pound are as follow:

	Pesetas per kilo	Equivalent cents per pound 1/
U.S. Middling 15/16"	54.0	57.0
Brazil Type Five	49.85	52.6
Ashmouni Good	56.6	60.0
Pakistan saw-ginned 15/16" Type M ...	52.0	54.9

1/ Converted at 43 pesetas per U.S. dollar.

While the mills do not complain of the grade and staple of the cotton supplied to them by the Center, they do report that they are unable to get the special character of cotton they desire. Out of 150,000 bales of cotton the National Cotton Center has purchased from the United States, quality complaints were made on only about 4,000 bales.

Financing

Cotton is being financed by several different methods. It is being purchased with dollars secured through an arrangement between the Spanish Minister of Finance and a group of banks in New York. The New York banks sell pesetas at a rate of 43 to the dollar. Anyone who cares to may purchase them. Pesetas may be carried into or sent to Spain through letters of credit. Spain is now purchasing most of her dollar cotton under this system. Under this arrangement 10,900 bales were purchased from the United States on July 9, and 7,500 bales from Mexico on July 3. During the week of July 14 Spain was expected to purchase between 10,000 and 15,000 bales of United States cotton with dollars purchased in New York. Likewise, there are plans for immediate purchase of 3,000 bales of Egyptian cotton. Spain has used only about two million dollars of the recent Export-Import loan of twelve million. On May 28, 10,900 bales were purchased with this credit.

Trade Agreement

Spain has a dollar trade agreement with Turkey amounting to about five million dollars. The Spanish textile mills were selling yarns and materials to Turkey and taking an equal amount of raw cotton in return;

but, due to the fact that the Spanish grain crop was short, the Spanish textile mills have been cut off from buying raw cotton from Turkey with the dollars they earned, and are being supplied with English sterling to purchase cotton elsewhere. The dollars earned in Turkey for textiles are being used to buy cereal grains in that country, especially wheat.

Some of the mills are still able to purchase raw cotton supplies from the proceeds of exports of textiles to other countries. The mills prefer to get their cotton in this manner whenever possible. It has recently been announced that any mill bringing in more cotton than it is entitled to would be prohibited from making outside purchases, and would have to buy its cotton through the National Cotton Center. However, such mills would be permitted to buy at world prices.

Production

Cotton production in Spain during the 1952-53 season is reported to have been about 70,000 bales. An effort is being made to produce 100,000 bales during the new crop year, but it is doubtful whether this level will be reached, since the Spanish cotton growers have had a very bad season. The crop has suffered from lack of moisture, and insect damage has been unusually heavy. About 15 percent of the domestic crop is Egyptian-type cotton of the Karnak variety.

There has been a steady increase of filament yarn and staple fiber production in Spain during the postwar years. Most of the production is manufactured in the two government-sponsored plants. Output during 1952 amounted to about 70 million pounds. This is made up of about 25.5 million pounds of filament yarn and 44.5 million pounds of staple fiber. The plants have a capacity of 78 million pounds--an increase of about 12 percent over their 1952 production.

Since the textile mills have been able to receive larger supplies of cotton, their interest in artificial yarns and fibers has decreased. To expedite production of the filament yarn and staple fiber, the Spanish Government has issued a decree requiring that 17.5 percent of the total fiber consumed in the mills must be artificial fiber. Before they can purchase raw cotton from the National Cotton Center, the mills have to present receipts showing that they have previously purchased the required amount of artificial fiber. This decree has caused vigorous protest from the textile industry. Many of the mills use only cotton and do not have the need for artificial fibers. However, fiber consumption of some mills is 40 percent artificial fiber.

The result of the decree may be that mills buying artificial fibers which are not needed may sell their purchases to mills desiring these fibers. In fact, the mills using large amounts of artificial fiber may buy less from the government, supplementing their purchases elsewhere.

Table 1.--Spain: Cotton Center imports, by countries of origin, 1952-53

Countries of origin	August 1, 1952 - July 10, 1953 Gin-run bales
	Bales
United States	69,129
Egypt	36,967
Brazil	39,810
Turkey	2,566
Pakistan	43,929
Paraguay	1,852
Belgian Congo	326
Mexico	38,472
Domestic	18,644
Total	251,695

Source: National Cotton Center.

Table 2.--Spain: Filament yarn and staple fiber production

Calendar year	Filament yarn	Staple fiber	Total
	1,000 pounds	1,000 pounds	1,000 pounds
1946	17,705	14,795	32,500
1947	17,385	18,640	36,025
1948	15,500	20,590	36,090
1949	13,620	26,120	39,740
1950	20,130	32,065	52,195
1951	22,200	29,590	51,790
1952	25,540	44,390	69,930
1953 1/	27,100	51,000	78,100

1/ Mill capacity.

Source: Rayon Organon.

Table 3.--Spain: Consumption and imports of cotton from major countries of origin, 1934-51

(Bales of 500 pounds gross weight)

Year	Domestic raw cotton production*	Consumption	Imports					
			United States	Brazil	Egypt	India	All others	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Calendar year:								
1934	8.3	435	298	0	82	59	18	457
1935	11.7	363	255	0	109	50	33	447
1936	1/	82	1/	1/	1/	1/	1/	1/
1937	1/	152	1/	1/	1/	1/	1/	1/
1938	1/	140	1/	1/	1/	1/	1/	2/ 60
1939	6.4	1/	32	3/	5	3	18	58
1940	6.9	112	245	3/	23	5	54	327
1941	13.5	266	0	3/	26	0	205	231
1942	19.0	395	0	194	0	3	94	291
1943	21.4	1/	182	137	0	0	70	389
1944	25.8	445	214	32	14	0	110	370
1945	7.8	351	335	92	5	29	48	509
1946	22.8	324	113	132	7	24	33	309
1947	14.0	333	3	114	35	100	0	252
Crop year beginning August 1:								
1948	30.5	425	65	152	27	4/ 25	41	310
1949	14.0	274	46	89	20	4/ 23	75	253
1950	28.0	240	79	15	48	4/ 55	5/ 71	268
1951	30.0	375	186	9	56	4/ 20	6/ 115	386

* Crop year.
1/ Not available.
2/ Estimated.
3/ If any, included in "All others."
4/ Includes Pakistan.
5/ Includes 26,000 bales from Argentina.
6/ Includes approximately 88,000 bales of Mexican cotton transshipped from the United States.

Source: Compiled from official sources.

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FOREIGN MARKET NOTES--COTTON

Notes on Pakistan Cotton Situation 1/

By Carl C. Campbell
Marketing Specialist

Cotton production in Pakistan in 1952-53 was at a high level, in fact the country had the best cotton year since its establishment in 1947. It is estimated that the commercial crop will approximate 1.5 million bales (500 pounds gross weight). This production was obtained from the cultivation of around 3.4 million acres, with a yield of 220 pounds per acre--the highest on record for Pakistan. The increase in yield was due principally to the ideal growing conditions under which the crop was cultivated. This yield compares to 181 pounds per acre in 1949-50, 204 in 1950-51, and 189 in 1951-52.

It is anticipated that approximately 10 percent less acreage will be devoted to cotton in 1953-54, and although efforts are to be made to maintain high production by increasing the average yield, production is generally expected to decline. Some trade sources predict that the 1953-54 crop will be as low as 1.2 million bales (500 pounds gross). However, the Government of Pakistan does not expect the crop to decline to that extent.

By 1957, the Government expects the cotton crop to approximate 1.6 million 500-pound bales (2 million 392-pound bales). This increase in production will be sought through the use of additional acreage for cotton, improved seeds, additional irrigation, and fertilizers. Although efforts will be made to grow longer staple cotton, it is not anticipated that cotton over 1-1/8" staple length can be produced in Pakistan in commercial quantities.

Ginning in Pakistan is not very efficient, so preparation of cotton is not as good as it should be. In the past few years little attention has been given to this matter. However, efforts are now being made to improve ginning practices.

1/ Part of a continuing study of foreign market outlets and competition with United States cotton being conducted by Mr. Campbell under the provisions of the Agricultural Marketing Act. Mr. Campbell recently spent several months in Asia to report on the cotton markets there.

Table 1.--Pakistan: Supply and Distribution of Raw Cotton, August 1, 1952-July 31, 1953

(500 pound bales gross weight)

Supply and distribution	Unit
	1,000 bales
August 1, 1952, carry-in	375
Production	1,500
Imports	3
Total availabilities	1,878
Consumption (including destroyed)	303
Exports	1,310
Total disappearance	1,613
July 31, 1953, carry-over	265

Source: Compiled from official sources.

Table 2.--Pakistan: Exports of Raw Cotton by Country of Destination

(500 pound bales gross weight)

Country of destination	August-July			
	1949-1950	1950-1951	1951-1952	1952-1953 1/
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Australia . . .	20.1	50.6	7.7	28.0
China	39.2	108.7	297.5	200.0
France	102.8	75.5	59.8	80.0
Federal Republic of Germany . .	28.6	38.1	25.8	80.0
Hong Kong	196.7	119.4	66.0	75.0
Italy	35.7	89.8	58.5	50.0
Japan	123.2	280.9	233.9	500.0
Poland	26.5	33.8	52.2	-
Spain	23.0	44.0	18.8	50.0
United Kingdom .	50.6	102.2	66.9	110.0
U.S.S.R.	86.3	0	0	52.0
Other	121.3	96.0	26.7	85.0
Total	854.0	1039.0	913.8	1,310.0

1/ Estimated

Source: Foreign Service Reports, Cotton Division, FAS and International Cotton Advisory Committee.

Cotton Textile Industry--Consumption

The goal of the Government is two million spindles and 40 thousand power looms by 1957. However, in some quarters this goal is considered too high because Pakistan cannot expect the per capita consumption to rise much above the present level in the foreseeable future. It does not appear that consumers will have the purchasing power to buy more. If such an assumption is correct, then 1 million spindles would be adequate. It is pointed out that the present per capita consumption of cotton textiles is less than 10 yards per year and that it is unrealistic to expect consumption to rise to the Government's goal of 18 yards by 1957. It is contended that the industry should expand at a slower rate so that its expansion will not surpass the country's general economic development.

Table 3.--Pakistan: Status and Goal of Cotton Textile Industry

Equipment	August 15, 1947	December 31, 1952	July 1, 1953	Goal for 1957
	Thousands	Thousands	Thousands	Thousands
Spindles . . .	177.4	379.9	546.0	2,000.0
Power looms .	4.8	8.0	10.0	40.0
Hand looms 1/.	500.0	500.0	500.0	500.0

1/ Estimated.

Source: Compiled from official sources.

As of July 1, 1953, it is estimated that around 300 thousand additional spindles were under installation in Pakistan.

Exports

As Pakistan's textile industry expands, its importance as a cotton exporter probably will diminish, for more and more of its cotton will be required for local consumption. In addition, it is expected that Pakistan's imports of cotton textiles will decrease in ratio with the ability of the local industry to supply the local demand. When the Government set the 1957 spindle and power loom goals, it anticipated that after the 2 million spindles and 40 thousand looms were in operation Pakistan would export about 25 percent of the cotton textiles if manufactured. However, it is not anticipated that Pakistan will become a cotton textile exporting nation in the foreseeable future. It would require many years to develop the full knowledge of processing techniques and train workers to such a level that Pakistan could compete in the highly competitive textile markets of the world.

Table 4.--Pakistan: Production of Cotton Textiles

Type of Textile	Calendar Year			
	1950	1951	1952	1953 1/
Cotton yarn (1,000 pounds)	35,388	51,581	64,724	119,856
Cotton fabric (1,000 yards)				
Mill made	106,295	127,666	174,160	216,000
Hand loom 1/	150,000	150,000	150,000	150,000

1/ Estimated

Source: Central Statistical Office of Government of Pakistan or derived from data of that office and the Pakistan Central Cotton Committee. No statistics available for hand loom production.

Imports

From July 1, 1951 to June 30, 1952, Pakistan imported 428 million yards of cotton fabric and 80 million pounds of cotton yarn. Although imports of cotton yarn and fabric are expected to continue, the volume will decrease as Pakistan's cotton textile industry expands. It is estimated that 1952-53 imports will be about 50 percent of 1951-52 and that 1953-54 imports will be between 30 and 40 percent of 1951-52.

Since the Government has restricted imports of textiles so far in 1953 and since domestic production is not as high as was anticipated, stocks of textiles are presently at a low level in Pakistan.

Synthetic Textiles

Construction in Pakistan of rayon plants that would produce around 9 million pounds of filament yarn annually is being considered. However, due to the shortage of electric power and water, and to other difficulties, construction of these plants is not anticipated during the next few years.

It is estimated that Pakistan has a yearly requirement of at least 12 million pounds of rayon yarn. So even if the plants under consideration were constructed and put into operation, Pakistan would have to continue to import around 30 percent of its requirements of rayon yarn.

Research and Development

The Government of Pakistan is very interested in research and development in both agriculture and textiles. Indications are that the textile laboratory which it is establishing in Karachi will be one of the best equipped and most modern in the world. The Government is currently seeking a foreign scientist to head the laboratory during its first few years of operation in order to make sure the laboratory and its personnel will function efficiently.

Foreign Investment in Pakistan

The Government of Pakistan is also interested in the industrialization of the country and is doing everything possible to encourage its economic development. The general policy of the Government is to grant special tax and other concessions to persons who are willing to invest in Pakistan. However, in practice this policy has not yet attracted much foreign capital. The nationalistic attitude in Pakistan regarding control of management, employment, etc., has tended to discourage potential foreign investors.

After the Korean War began, Pakistan experienced a boom, and cotton, jute, and other Pakistani exports brought high prices. When the world market prices of raw materials adjusted after the boom, Pakistan had some trouble adjusting its imports to the required level in order to maintain a reasonable balance-of-payments position.

Table 5.--Pakistan: Balance of Payments

(Millions of Dollars)

	1948	1949	1950	1951	1952
Receipts	232.3	318.5	413.0	872.2	581.1
Payments	241.4	454.6	457.9	715.4	838.3
Balance	-9.1	-136.1	-44.9	+156.8	-257.2

Source: Compiled from official sources.

Since July 1952, exports have shown an upward trend and imports a downward trend, so it appears that Pakistan's efforts to correct its imbalance of payments is showing some results.

Outlook

It seems apparent that it will be some time before the issues on Kashmir, water rights, exchange rate differences, etc., can be settled between Pakistan and India. Although the two countries have complementary economies, they are going their separate ways today and their programs are aimed at being economically independent of each other.

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FOREIGN MARKET NOTES--COTTON

Japan Announces October 1953-March 1954 Import Program for Cotton

By Carl C. Campbell
Marketing Specialist

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Imports

The Japanese Government recently announced an import program for raw cotton of 1,350,000 bales for the period October 1, 1953-March 31, 1954. The Government expanded the program over previous plans in order to try to bring down the price of cotton textiles in the domestic market and this action, plus some other factors, has resulted in a drop in the price of 20s Singles from ¥258 (approximately U.S.$0.72) per pound at the end of August to ¥227 (approximately U.S.$0.63) per pound on October 13th. However, domestic prices for cotton textiles are still above the international market level and probably will continue to be higher with Japanese export prices continuing to be below Japanese domestic prices as the cotton textile industry is reconciled to a two-price system as a considerable portion of its production must be exported if the industry is to operate at a reasonable level. Although the Government did not announce how much of the program would be made up of Dollar cotton, it is supposed that 720,000 of the 1,350,000 bales is to be Dollar cotton; also, it is expected that 150,000 of the 1,350,000 bales will be obtained on a barter basis.

Sixty Million Dollar Export-Import Credit

The Japanese are very anxious to get approval of their request for a $60,000,000 Export-Import credit and it is hoped that their application will receive prompt approval.

Cotton Imports Under Section 550 of MSA Act

The Japanese seem to be interested in the prospect of importing cotton under Section 550 generally, but the Government appears to be more interested in the prospect of obtaining foodstuffs, since Japan has an abnormal import requirement for foodstuffs at this time due to a poor rice crop this year and also because recent floods and typhoons did considerable damage to stockpiles of foodstuffs. It is unlikely, however, that any program will be approved that would permit the trading firms to import cotton for their own accounts. In case Japan negotiates an agreement under Section 550, the Japanese would prefer that imports be on a private basis under regular commercial procedure. It has been pointed out to the Japanese that Section 550 stipulates that private trade channels should be maximized but that this provision did not preclude the sale of CCC stocks if mutually satisfactory arrangements could be made to move such stocks. Both Government and business circles are studying Section 550 and it is anticipated that the Government will decide soon whether or not it desires to negotiate an agreement under the Section.

Synthetics

In September, the production of rayon continued at a high level, with 31.5 million pounds of staple fiber and 12.0 million pounds of filament yarn being turned-out. The most recent estimate of Japanese synthetic production and goals follows:

Type	Production During 1952 (Calendar)	Actual Production Japan-Aug. 1953	Estimated Production 1953 (Calendar)	Ultimate Production Goals
	Pounds	Pounds	Pounds	Pounds
Rayon:				
a. Filament..........	142,190,597	106,452,097	162,137,949	223,000,000
(1) Acetate.......	192,051	256,343	432,179	10,000,000
(2) Viscose.......	122,941,199	89,893,189	136,260,161	177,000,000
(3) High Tenacity	9,072,457	10,753,335	16,919,899	25,000,000
(4) Cupra.........	9,984,890	5,549,230	8,525,710	11,000,000
b. Staple............	262,188,253	224,167,762	349,111,226	420,000,000
(1) Acetate.......	3,555,736	2,211,455	3,970,139	20,000,000
(2) Viscose.......	258,632,517	221,956,307	345,141,087	400,000,000
Nylon................	1,912,495	2,508,555	4,134,903	15,840,000
Vinylon..............	5,726,169	4,808,115	7,794,895	64,944,000
Other................ (Viniliden)	181,075	425,095	1,042,687	11,880,000
Total..........	412,198,589	338,361,624	524,221,660	735,664,000

Remark: Production goals Rayon: 1958 Nylon, Vinylon 1957

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FC-28-53 November 10, 1953

EGYPT'S SPOT COTTON MARKET BECOMES ACTIVE

It is now apparent that, barring any changes in the Egyptian Cotton Commission's policy (of buying from planters at fixed prices and selling to exporters and others at prices stabilized by being tied to the New York Cotton Market prices), the volume of E.C.C.'s direct buying and selling in 1953-54 will decrease greatly with a corresponding increase in spot and franco 1/ transactions. Because E.C.C. is committed to deliver against purchases only when it actually has suitable cotton in stock, exporters and other buyers failing to find their needs in E.C.C.'s stocks, must look for it in the spot market or the interior.

This latter situation has developed on a large scale this season as the result of a short cotton crop, and especially in the case of Ashmouni and Zagora varieties. Accentuating the cotton scarcity was the quick discernment of planters that they had a "seller's" market whereupon they began withholding sales to E.C.C. In this action they benefited from two E.C.C. provisions: (i) their freedom to sell cotton to the highest bidder and (ii) a guarantee of carrying costs by E.C.C. if they elect to withhold cotton from the market.

On the other hand, exporters and merchants acting on the assumption that the new crop would, with the substantial carry-over, provide E.C.C. with ample cotton at the latter's "stabilized" cotton prices, sold cotton abroad or made other commitments before the real supply situation came to light. When it was realized that cotton could not be had in the spot market or in the interior except at premiums, E.C.C.'s carry-over stocks, especially Ashmouni and Zagora, were rapidly sold.

The Government's "bullish" cotton forecast (Oct. 5) added impetus to the buying including that for export as did also E.C.C.'s order of last week prohibiting export of Ashmouni and Zagora of grades GOOD and below, except to fill orders previously sold. Most if not all of the Ashmouni and Zagora cotton remaining in growers hands, it is now expected, will be sold at premium prices in the spot or franco markets, as well as much more of Karnak and Giza "30" varieties than anyone had previously foreseen.

1/ A term used in the spot market for transactions involving future delivery of actual cotton from the interior to Alexandria.

A report by Jay G. Diamond, Agricultural Attache, American Embassy, Cairo.

Exporters and merchants must of course continue to meet E.C.C.'s requirement that the cotton they sell locally or export be accompanied by a certificate showing that it was purchased from the Commission. This requires that the former hypothetically sell their cotton to the Commission at the E.C.C. fixed buying prices and repurchase it at the E.C.C. selling prices.

Inasmuch as the premiums currently offered for Ashmouni and Zagora are presumed to reflect the prices being offered by spinners, the spot market has become one in which supply and demand is setting a price to producers above that offered by E.C.C., and a price to spinners likewise above E.C.C.'s selling price. Currently E.C.C.'s actual stocks of these two varieties are negligible.

In the case of Karnak and Giza "30" where the supply situation is not so tight as compared with last year, there is still some stability in E.C.C.'s buying and selling prices (the former as fixed for the season and the latter as based on the New York Cotton futures). Yet, even here, some premiums are currently quoted and planters, taking advantage of a seller's market, are in no hurry to sell.

During the past week (ending October 16) premiums eased somewhat except in the case of Giza "30" where they made some further advances.

Average franco premiums per cantar on October 16 were as follows:

	Tallaris per cantar 2/	Cents a pound
Karnak		
F/Good to FG/Extra	3.25	1.87
G/FG to FG	3.50	2.02
Giza 30		
FG (on E.C.C. Dec. prices)	8.00	4.62
G/FG to FG (on E.C.C. Dec. prices)	7.50	4.33
Ashmouni		
FG	9.00	5.19
G to G/FG	8.50	4.90

2/ Converted at rate of 35 piasters to $1.00.

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FC-29-53

December 14, 1953

WORLD COTTON TRADE DECLINED IN 1952-53 1/

World cotton exports of 11.6 million bales (of 500 pounds gross) in 1952-53 were down about 600,000 or 5 percent from the 12.2 million exported in 1951-52. Exports from the United States were down by 2,530,000 bales from the 1951-52 total of 5,711,000, while exports from non-Communist foreign countries rose by about 1.8 million bales. Exports from Communist countries are composed entirely of exports from the Soviet Union to eastern Europe and are estimated at around 900,000 bales annually. This figure is based on estimated needs of eastern European countries after deducting reported exports to those countries from the non-Communist world.

The reduction of 600,000 bales in world export trade is nearly equal to the decrease in stocks in net importing countries, mostly in India and the United Kingdom. In the aggregate, consumption of cotton in the importing countries was actually above the level of the preceding year, with increases in Japan and India more than offsetting declines elsewhere.

The decline in trade last year may be attributed mainly to a downtrend in world cotton prices and weakness in textile export demand that caused importers and mill owners to delay buying of cotton as long as possible while reducing inventories of cotton and goods. The shift from purchases of United States cotton to foreign growths was almost entirely a matter of price competition. Prices of United States cotton declined to the Government loan level early in 1953 where they have remained since that time, while prices of most comparable foreign growths were reduced below this level. There was some increase in 1952-53 in the number of trade agreements among foreign countries which provided for a small increase in the exchange of cotton for other products. Dollar exchange reserves of most foreign countries have shown considerable improvement in the past 2 years and scarcity was not a major cause of the shift in demand to foreign growths of cotton in 1952-53.

Price supports in all major foreign-producing countries, except Brazil, Argentina, and Egypt, were abandoned in 1952-53 or were previously nonexistent. In Egypt, practically all the 1952 crop was bought by the government at fixed prices and sold at relatively small premiums over the price of American cotton as reflected from day to day in New York futures. The consequent losses were absorbed by the government. Exports increased from a subnormal total of 908,000 bales in 1951-52 to 1,727,000 in 1952-53, which was about equal to the surplus from the 1952-53 crop. The supply available in 1953-54 will be reduced by the amount of the reduction in production or about 650,000 bales.

1/ This circular is based upon, and contains, more detailed information than the article published in Foreign Crops and Markets of October 26, 1953.

Nearly all of the surplus from the 1952-53 crop in Brazil was purchased by the Bank of Brazil or received under loan by the Bank as an authorized agent of the government. The prices paid to farmers were well above the world market and prior to July 1953 the prices quoted for export sales were above world market levels. Consequently, exports dropped from 347,000 bales (a relatively low total), in 1951-52 to only 148,000 in 1952-53. As a result of several subsequent reductions, Brazilian cotton, Sao Paulo, Type 5, is being offered on European markets at 3 to 4 cents a pound under prices of United States Middling 15/16-inch. Brazil's surplus available for export in 1953-54 is estimated at approximately 2.0 million bales, with a heavy proportion of low grades. At present price ratios it is expected that exports will rise to around 1.2 million bales.

Exports from Argentina rose from 5,000 bales in 1951-52 (a period of high price supports paid by the government) to 272,000 bales in 1952-53 when cotton was being exchanged for imported products or sold at prices that were effectively reduced through the use of special exchange rates for conversion of proceeds from export sales. Unlike Brazil, the surplus in Argentina was reduced so that supplies available for export in 1953-54 may amount to only around 150,000 bales.

Mexico's exports reached a record level of 1,025,000 bales in 1952-53 compared with 972,000 in 1951-52. Prices of Mexican cotton are usually maintained just under those in the United States and practically all of the surplus was disposed of last year. As a result of the reduced carry-over and a smaller crop in 1953, the amount available for export in 1953-54 may be less than 800,000 bales.

Pakistan's exports also reached a record level in 1952-53 but the total of 1,273,000 bales was about equal to the surplus from the 1952 crop, resulting in only a slight reduction in the carry-over. The supply available for export in 1953-54 is expected to equal the 1952-53 exports, assuming that stocks can be further reduced by about 150,000 bales.

The surplus of cotton available for export from the foreign Free World in 1953-54 is computed at about 9.3 million bales or 800,000 less than the available surplus in 1952-53. This figure, however, is 1.8 million bales larger than total exports from these countries in 1952-53.

Pricing policies may assure an increase in exports from these countries in 1953-54. Current high level of consumption and low stocks in most of the importing countries, together with a prospective reduction in the 1954 United States crop, should lead to at least an equal increase in total world trade.

On this basis United States exports in 1953-54 may be slightly larger than those of a year ago reported at 3.2 million bales (of 500 pounds). Dollar funds available under foreign aid programs and Export-Import Bank loans for cotton exports this year are expected to be sufficient to make possible an increase of around 300,000 bales above the 1952-53 total of 1.2 million.--By Charles H. Barber.

Table 1.--COTTON: World exports by countries of origin, 1946-52

(Equivalent bales of 500 pounds gross weight)

Country of origin	Year beginning August 1						
	1946	1947	1948	1949	1950	1951	1952 1/
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
NORTH AMERICA							
Mexico	204	359	232	655	742	972	1,025
United States	3,656	2,025	4,961	6,004	4,280	5,711	3,181
Others	12	29	29	38	46	46	131
Total	3,872	2,413	5,222	6,697	5,068	6,729	4,337
ASIA							
India	828	704	254	206	146	123	289
Pakistan 2/	-	3/ 875	677	854	1,039	919	1,273
Iran	8	6	16	29	105	35	110
Iraq	4/ 1	4/ 10	4/ 2	6	31	21	9
Turkey	1	5	129	209	349	261	433
Syria	0	1	5	33	106	169	181
Others 5/	22	31	44	23	77	113	123
Total	860	1,632	1,127	1,360	1,853	1,641	2,418
SOUTH AMERICA							
Argentina	36	0	28	49	274	5	272
Brazil	1,517	1,049	955	598	697	347	148
Paraguay	38	33	27	48	55	49	43
Peru	331	263	216	264	321	307	368
Others	0	0	0	0	2	0	5
Total	1,922	1,345	1,226	959	1,349	708	836
AFRICA							
Anglo-Egyptian Sudan	249	255	325	325	371	398	267
Angola	23	22	12	27	23	20	27
Belgian Congo	4/ 217	4/ 200	192	217	215	187	200
British East Africa	236	235	336	372	333	340	350
Egypt	1,482	1,578	1,692	1,640	1,532	908	1,727
French Equatorial Africa	86	127	110	108	120	108	170
French West Africa	8	3	4	11	5	15	25
Mozambique	80	130	103	120	112	140	170
Nigeria	31	29	36	60	75	45	90
Others	2	2	2	6	15	20	38
Total	2,414	2,581	2,812	2,886	2,801	2,181	3,064
Other countries 6/	450	675	600	650	807	921	926
World total	9,518	8,646	10,987	12,552	11,878	12,180	11,581

1/ Preliminary. 2/ Reported separately for the first time in 1947-48. 3/ Based on 11.5 months' figure of 850. 4/ Calendar year. 5/ Mostly Burma. 6/ Mostly U.S.S.R.

Foreign Agricultural Service. Prepared or estimated from official statistics, reports of U.S. Foreign Service officers, results of office research, and other information.

Table 2.--UNITED STATES: Exports of cotton by countries of destination; averages 1935-39 and 1945-49; annual 1949 to 1952

(Equivalent bales of 500 pounds gross)

Country of destination	Year beginning August 1					
	Averages					
	1935-39	1945-49	1949	1950	1951	1952
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria	0	[1] 36	61	55	32	47
Belgium-Luxembourg	169	131	192	80	317	73
Czechoslovakia	65	57	58	6	0	0
Denmark	33	14	34	31	34	34
Finland	35	21	3	3	33	4
France	662	575	794	447	309	507
Germany	511	340	759	481	447	241
Greece	3	21	50	1	0	0
Italy	442	489	749	546	560	272
Netherlands	107	131	259	158	197	79
Norway	17	7	8	20	15	11
Poland and Danzig	180	69	47	1	0	0
Spain	108	69	66	66	203	77
Sweden	115	12	29	33	100	36
Switzerland	11	26	41	22	99	28
United Kingdom	1,346	488	607	307	662	359
Yugoslavia	17	47	26	78	122	86
Other Europe	[2] 64	12	38	12	[3] 27	7
Total Europe	3,885	2,545	3,821	2,347	3,157	1,861
Canada	301	275	286	431	296	284
Chile	9	20	39	48	35	1
Colombia	20	24	63	55	53	35
Cuba	11	16	19	24	20	12
India	52	86	405	219	778	45
China	117	401	132	54	0	0
Hong Kong	[4]	35	144	27	0	[4]
Indonesia	[4]	5	13	16	14	17
Japan	1,142	585	929	883	1,095	691
Korea, Republic of	[5]	[6] 48	52	36	55	41
Australia	9	7	0	0	50	11
Other countries	43	18	[7] 101	140	[7] 158	[8] 183
Total	5,589	4,065	6,004	4,280	5,711	3,181

[1] 4-year average. [2] Includes Portugal 36. [3] Includes Portugal 21. [4] Less than 500 bales. [5] If any, included in "Other countries." [6] 3-year average. [7] Includes Manchiria 41. [8] Includes Taiwan 53, French Indochina 24. [9] Includes Taiwan 107.

Compiled from official records of the Bureau of the Census.

Table 3.--BRAZIL: Exports of cotton by countries of destination; averages 1935-39 and 1945-49; annual 1950-52

(Equivalent bales of 500 pounds gross)

Country of destination	Year beginning August 1				
	Averages				
	1935-39	1945-49	1950	1951	1952 1/
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Canada	4.2	16.2	0	0	0
Belgium	30.0	70.7	3.5	.1	0
Czechoslovakia	0	7.7	19.8	0	0
Finland	2.3	10.2	14.2	14.5	0
France	89.5	64.1	112.9	47.4	3.9
Germany	285.6	.6	41.4	59.1	4.1
Italy	39.3	110.5	5.4	2.8	0
Netherlands	33.3	43.3	19.3	1.1	0
Norway	.5	5.0	0	0	0
Poland	17.2	49.2	.9	2.6	0
Portugal	26.4	11.2	20.1	5.4	2.1
Spain	2.8	136.3	32.4	3.9	63.8
Sweden	5.2	48.5	24.2	3.7	.5
United Kingdom	240.5	336.8	249.3	107.7	32.4
China	81.7	79.2	0	31.7	0
India	0	7.5	6.0	0	0
Japan	241.7	.9	77.8	54.8	18.1
Chile	0	11.5	2.1	1.6	8.2
Colombia	.7	17.8	4.6	0	0
Uruguay	0	7.2	5.3	.2	.7
Australia	0	25.9	25.6	8.0	0
Other countries	11.2	55.8	2/ 32.1	2.8	.1
Total	1,112.1	1,116.1	696.9	347.4	3/ 133.9

1/ 11 months. 2/ Includes Mexico 20.6 (apparently for transshipment), Hong Kong 5.3. 3/ Crop-year total 148, not available by countries.

Source: Comercio Exterior do Brazil and U. S. Foreign Service reports.

Table 4.--EGYPT: Exports of cotton by countries of destination; averages 1935-39 and 1945-49; annual 1949-52

(Equivalent bales of 500 pounds gross)

Country of destination	Year beginning August 1					
	Averages					
	1935-39	1945-49	1949	1950	1951	1952
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria	1/ 23.7	2/	11.1	16.1	9.5	34.4
Belgium-Luxembourg	17.8	17.0	14.9	12.5	6.8	21.8
Czechoslovakia	49.9	52.5	46.9	57.6	36.6	58.6
France	238.7	161.9	184.9	100.0	112.6	291.2
Germany	147.2	2/	42.2	56.6	69.5	127.6
Hungary	18.3	2/	12.9	14.4	22.9	26.8
Italy	105.2	163.8	124.7	186.3	112.7	170.1
Netherlands	5.5	1/ 39.5	55.9	39.4	10.0	47.2
Poland	31.8	16.2	17.4	14.3	8.0	27.2
Rumania	3/ 47.7	2/	23.1	2.3	34.9	4.6
Spain	25.1	25.4	23.8	62.8	62.2	66.4
Sweden	12.8	17.0	27.6	11.5	2.0	17.7
Switzerland	71.5	33.4	42.1	41.4	28.1	67.5
United Kingdom	592.3	367.5	317.7	382.6	68.3	77.7
Yugoslavia	2/	2/	28.8	39.8	2.0	17.6
China	24.2	2/	.9	12.6	16.5	60.9
India	98.8	255.8	295.5	221.3	110.9	213.7
Japan	143.4	2/	14.9	65.9	40.3	84.6
United States	49.5	89.1	135.4	145.4	92.3	84.4
Soviet Union	2/	1/ 129.4	163.9	2/	38.5	104.2
Other countries	38.9	82.4	55.5	49.0	23.7	123.0
Total	1,742.3	1,450.9	1,640.1	1,531.8	908.3	1,727.2

1/ 3-year average. 2/ Included in "Other countries." 3/ 4-year average.

Source: Monthly Summary of the Foreign Trade of Egypt and official reports.

Table 5.--INDIA: Exports of cotton by countries of destination; averages 1935-39 and 1945-49; annual 1949-52

(Equivalent bales of 500 pounds gross)

Country of destination	Year beginning August 1					
	Averages					
	1935-39	1945-49	1949	1950	1951	1952
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Belgium	146.7	67.0	50.8	3.3	3.6	16.6
France	155.9	173.1	.8	1.6	11.1	17.6
Germany	137.9	4.5	14.5	.5	7.5	17.3
Italy	90.7	11.4	1.0	1.5	4.0	12.6
Netherlands	33.4	22.6	.9	10.2	3.4	20.2
United Kingdom	393.8	74.7	9.7	22.4	6.4	16.5
United States	76.8	90.3	60.7	60.5	9.1	35.5
Japan	1,231.5	1/ 51.0	55.7	39.7	72.0	141.7
Australia	2/ 10.0	11.7	3.6	3.8	.2	2.0
Others	3/ 382.4	61.7	7.9	2.7	5.7	9.0
Total	2,659.1	568.0	205.6	146.2	123.0	289.0

1/ 3-year average. 2/ 4-year average. 3/ Includes China 243.7, Poland 25.2, Korea 21.4, French Indochina 18.4.

Source: Accounts Relating to the Sea-borne Trade and Navigation of India and Foreign Service reports.

Table 6.--MEXICO: Direct exports of cotton by countries of destination; 1949-52

(Bales of 500 pounds gross)

Country of destination	Calendar years			Crop years	
	1949	1950	1951	1951-52 1/	1952-53 2/
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Belgium	1	3	5	5	6
Canada	8	2	2	6	3
France	3/	3	119	123	1
Germany	3/	0	4	7	6
Japan	0	3/	13	25	180
United States 4/	531	709	627	778	692
Others	1	0	12	28	5/ 43
Total	541	717	782	972	931

1/ August-July. 2/ August-June. 3/ Less than 500 bales. 4/ Mostly for transshipment. Under the United States import quota only 18,500 bales (under 1-1/8 inch staple length) can enter annually for consumption. 5/ Includes United Kingdom 11, Switzerland 8.

Source: Anuario Estadistica del Comercio Exterior de los Estados Unidos Mexicanas, Revista de Estadistica and Foreign Service reports.

Table 7.--MEXICO: Transshipments of cotton 1/; annual 1947-52

(Bales of 500 pounds gross)

Country of destination	Year beginning August 1					
	1947	1948	1949	1950	1951	1952 2/
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Belgium	24	39	157	132	42	107
Finland	0	3/	3/	4	9	18
France	2	2	5	34	220	8
Germany	3	6	16	35	40	77
Italy	18	105	55	57	63	18
Netherlands	24	18	24	22	23	76
Spain	15	9	53	22	101	48
Sweden	2	3/	7	33	24	14
Switzerland	3	3	14	51	14	14
United Kingdom	7	6	5	171	123	57
Yugoslavia	0	3	16	3/	1	3/
India	0	3/	26	8	6	2
Japan	0	3/	12	331	211	378
Others	4/ 42	9	37	5/ 59	36	38
Total	140	200	427	959	913	855

1/ Includes linters, waste, gin sweepings and hull fibers but does not include transshipments to Canada by railroad and exports direct from Mexican ports to other destinations. 2/ August-June. 3/ If any, included in "Other countries."
4/ China 19. 5/ Canada 22 (boat shipments only).

Compiled from official records of the U.S. Department of Commerce, Bureau of the Census.

Table 8.—PAKISTAN: Exports of cotton by countries of destination; annual 1947-52

(Equivalent bales of 500 pounds gross)

Country of destination	Year beginning August 1					
	1947 1/	1948	1949	1950	1951	1952
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Belgium	109.3	21.5	7.5	6.5	.2	26.5
Czechoslovakia	4.2	30.7	17.5	7.1	10.5	–
France	54.0	11.4	102.8	75.5	59.8	80.3
Germany	0	7.3	28.6	38.1	26.3	89.0
Italy	71.8	12.8	35.7	89.8	58.6	52.1
Netherlands	20.6	.6	11.9	8.0	.8	8.8
Poland	0	0	26.5	33.8	52.2	0
Spain	44.4	5.4	23.0	44.0	18.8	47.6
Sweden	12.4	20.0	2.0	15.0	.3	15.4
United Kingdom	73.8	86.1	50.6	102.2	67.1	102.7
Yugoslavia	.8	2.0	21.5	.8	0	0
Australia	27.2	1.7	20.1	50.6	7.9	26.1
French India	0	0	29.3	21.4	6.5	9.9
Hong Kong	43.5	34.3	196.7	119.4	66.1	100.7
China	72.8	33.8	39.2	108.7	300.9	96.9
India	114.2	278.9	1.9	.3	.3	0
Japan	43.7	61.1	123.2	280.9	234.1	517.4
United States	33.9	14.0	2.8	3.0	.3	9.0
Soviet Union	113.9	52.0	86.3	0	0	63.1
Other countries	9.1	3.3	26.9	33.9	8.0	27.5
Total	849.6	676.9	854.0	1,039.0	918.7	1,273.0

1/ August 15-July 31. See Table 1. for crop-year total.

Source: Government of Pakistan--Ministry of Commerce and Education and Foreign Service reports.

Table 9.--PERU: Exports of cotton by countries of destination; averages 1935-39 and 1945-49; annual 1949-52

(Equivalent bales of 500 pounds gross)

Country of destination	Year beginning August 1					
	Averages					
	1935-39	1945-49	1949	1950	1951	1952
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Belgium	14.2	25.4	37.1	38.5	26.3	44.4
France	9.0	5.9	1.7	11.4	55.5	22.8
Germany	78.3	2.5	8.9	17.9	6.8	27.2
Italy	5.2	14.9	4.9	2.6	2.0	2.5
Netherlands	13.7	10.3	3.1	11.0	6.0	21.4
Switzerland	.6	21.6	13.2	12.3	6.5	6.0
United Kingdom	169.5	83.7	85.9	138.2	94.3	65.0
United States	1.6	25.8	23.6	10.4	11.7	14.1
India	2.7	28.4	33.7	15.3	2.6	3.5
Japan	29.6	.2	.8	13.3	5.3	16.4
Argentina	.3	6.8	10.2	10.9	8.5	6.6
Chile	8.5	28.3	21.5	12.0	48.1	69.1
Colombia	.4	29.4	14.6	10.8	11.7	36.2
Other countries	4.2	18.1	4.5	16.5	21.9	32.6
Total	337.8	301.3	263.7	321.1	307.2	367.8

Source: Algodon and Foreign Service reports.

Table 10.--ANGLO-EGYPTIAN SUDAN: Exports of cotton by countries of destination; averages 1935-39 and 1945-49; annual 1949-52

(Equivalent bales of 500 pounds gross)

Country of destination	Year beginning August 1					
	Averages					
	1935-39	1945-49	1949	1950	1951	1952
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
France	18	2	4	3	16	36
Germany	5	1/	2	22	1	21
Italy	9	1	2	6	10	11
United Kingdom	144	202	260	256	305	113
India 2/	55	67	41	58	43	69
Japan	7	3/	3/	2	5	3
Other countries	14	15	4/ 16	5/ 24	6/ 18	14
Total	252	287	325	371	398	267

1/ Less than 500 bales. 2/ Includes Pakistan. 3/ If any, included in "Other countries." 4/ Netherlands 5. 5/ Netherlands 4, Switzerland 4, United States 5. 6/ Hong Kong 6.

Source: Foreign Trade and Internal Statistics and official reports.

Table 11.--TURKEY: Exports of cotton by countries of destination; average 1933-37; annual 1948-52

(Bales of 500 pounds gross)

Country of destination	Year beginning August 1					
	Average 1933-37	1948	1949	1950	1951	1952
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria	1/	1/	1	4	2	7
Czechoslovakia	1	23	24	27	21	25
Finland	0	3	5	8	0	8
France	2/	18	35	25	61	74
West Germany	43	33	80	167	131	116
Hungary	1/	1/	2	11	16	31
Italy	11	1	17	34	9	122
Netherlands	0	11	1	4	1	7
Poland	2	9	0	3	2	7
Sweden	0	9	0	2/	0	4
United Kingdom	2/	4	22	32	9	3
Japan	9	0	0	16	1	0
Other countries	3	18	22	18	8	3/ 29
Total	69	129	209	349	261	433

1/ If any, included in "Other countries." 2/ Less than 500 bales. 3/ Yugoslavia 18.

Source: Statistique Mensuelle du Commerce Exterieur and official reports.

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FC-30-53 November 9, 1953

WORLD COTTON STOCKS UP 15 PERCENT

World cotton stocks on July 31, 1953, estimated at 17.1 million bales (of 500 pounds gross, except United States stocks which are in running bales) are about 15 percent higher than the 14.8 million bales on hand a year ago and 45 percent above the 11.8 million-bale estimate of 2 years ago. Stock estimates for Southern Hemisphere countries are calculated midseason stocks including unginned cotton on hand 1 to 3 months after harvest was completed in most cases.

Stocks in the surplus-producing countries as a group increased by 3.2 million bales while those in the net-importing countries declined by nearly 750,000 bales. The United States accounted for 2.7 million or 84 percent of the increase in the exporting countries and represented an increase of nearly 100 percent in stocks in this country. In contrast to the situation a year ago, almost the entire increase in world stocks is composed of American-type cotton, the principal exceptions being about 100,000 bales of Egyptian-type Sakalaridis in the Anglo-Egyptian Sudan and possible increases in Egyptian or Asiatic types in importing countries where detailed statistics are not available.

Brazil, with a 600,000-bale increase in stocks, and the Sudan with 100,000 bales are the only foreign exporting countries where any significant increases were reported. Stocks in nearly all other exporting countries were lower than those of a year ago. The increase in Brazil is attributed to a government price-support program under which the entire surplus was purchased or accepted under loan at prices well above the world market level. In the Anglo-Egyptian Sudan the increase in stocks is attributed to slower than usual ginning and clearance through ports.

Stocks in importing countries as a group declined from 6.4 to 5.6 million bales, with the greatest decreases in India (625,000 bales) and the United Kingdom (266,000). In both countries stocks were higher than normal a year ago after heavy importing in previous years and were allowed to decline to a more normal level in 1953. With the exception of the United Kingdom, Sweden, Switzerland, and Italy, stocks in the importing countries are generally down to a minimum working stock level of about 3 months' requirements.

Cotton-price policies now in effect in most foreign exporting countries are intended to reduce prices to the level necessary to liquidate surplus stocks and trade data indicate that such stocks are rapidly being reduced.

COTTON: Estimated world stocks, by principal countries, July 31, 1953, with comparisons 1/

(In bales of 500 pounds gross)

Country	Stocks on hand July 31			
	1939	1951	1952	1953
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Surplus countries				
Mexico 2/	150	110	190	90
United States 3/	13,033	2,278	2,789	5,502
Iran	40	10	30	15
Pakistan	–	140	375	350
Turkey	70	50	150	170
Argentina	243	424	500	425
Brazil	661	640	1,400	2,000
Paraguay	11	23	30	28
Peru	200	163	230	245
Anglo-Egyptian Sudan	107	209	96	214
Belgian Congo	150	97	94	84
British East Africa	75	67	110	111
Egypt	325	432	898	901
French Equatorial Africa	15	88	101	62
Others 4/	1,055	845	982	987
Total surplus countries	16,135	5,576	7,975	11,184
Deficit countries				
Canada	56	74	60	49
Cuba	10	4	4	5
Belgium	150	114	118	123
France	700	313	265	365
Western Germany	5/	290	210	224
Italy	250	425	390	330
Netherlands	80	72	51	53
Spain	50	16	44	38
Sweden	60	67	98	102
Switzerland	100	88	88	95
United Kingdom	1,045	1,228	1,282	1,016
China, incl. Manchuria 6/	900	250	450	490
India 6/7/	2,165	1,650	2,165	1,540
Japan	556	700	540	520
Korea 6/	43	18	28	8
Colombia	5	47	41	60
Australia	20	26	24	19
Others 8/	875	503	502	579
Total deficit countries	7,065	5,885	6,360	5,616
Afloat 9/	550	350	500	300
World total	23,750	11,811	14,835	17,100

1/ Estimates for Southern Hemisphere countries include unginned cotton on hand at the end of July. 2/ Stocks on June 30 (Mexican crop year). 3/ Running bales. 4/ Mostly U.S.S.R., Mozambique, and Nigeria. 5/ Included with "Others." 6/ Includes estimates for noncommercial stocks. 7/ Includes Pakistan prior to partition in August 1947. 8/ Mostly countries in Europe and South America not listed above. 9/ Estimated.

No significant stocks of exportable surpluses are expected to remain in these countries at the end of the current season except in Brazil where stocks of low-grade old-crop cotton are probably too large to dispose of in 1 year and in Egypt where a large portion of the stocks are composed of the lower grades of Karnak which generally move more slowly than other qualities.

This is one of a series of regularly scheduled reports on world agricultural developments approved by the Foreign Agricultural Service Committee on Foreign Crop and Livestock Statistics. It is based in part upon U. S. Foreign Service reports.

This article appeared in the November 2, 1953, issue of Foreign Crops and Markets.

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FC 31-53 November 19, 1953

FOREIGN MARKET NOTES--COTTON

Japanese Currency Allocations Assure Substantial Purchases of "Dollar" Cotton

By Carl C. Campbell
Marketing Specialist

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Cotton Imports

It is expected that 860,000 bales of the 1,350,000 programmed for the October, 1953-March, 1954 period will be Dollar cotton (330,000 Export-Import Credit, 340,000 Free Dollar, 40,000 Egyptian and 150,000 barter). The last Dollar allocations under the April-September 1953 program were made September 19 for 113,000 bales of Free Dollar cotton and it is understood that most of the authorization was used by the spinners to buy Mexican cotton. Under the October-March cotton import program, funds have now been allocated for 170,000 bales Free Dollar (reportedly spinners used mostly to buy Mexican), 40,000 bales Brazilian, 50,000 bales Argentine, and 40,000 bales Egyptian (which is the last Egyptian for which dollars will be allocated as Japan is expected to start trading with Egypt on an open account basis soon for an Open Account Financial Agreement was recently negotiated between the two countries). It is expected that the funds for the remaining 170,000 bales of Free Dollar cotton under the October-March import program will not be allocated until the first quarter of 1954 but it is expected that the Export-Import Credit funds will be allocated shortly after the Credit is finalized.

Sixty Million Dollar Export-Import Credit

The Japanese were pleased to learn that the new Export-Import Credit will be available and it is expected that procurement under the Credit will proceed promptly after the details of the Credit have been finalized.

Domestic Demand

Due to the reduced crop this year, it is estimated that farm income in Japan will be reduced more than $300,000,000, which would be about two percent of the National Income. This reduction in income undoubtedly will affect domestic consumption to some extent; but, it is impossible to tell just how much as there are other factors which will tend to cushion the impact. It is hoped that the domestic demand for cotton textiles will not weaken to the extent that production will have to be cutback, for if this happens, the import program for cotton would probably be reduced, too. It is estimated that Japan will have to spend over $200,000,000 to import the additional foodstuffs that will be required due to this year's short rice crop, even though inventories of foodstuffs will be reduced to the absolute minimum in Japan. At present, general indications are that the Japanese Government will not cutback the import program for other commodities in order to conserve funds for the import of the additional food that will be required but rather that the Government will draw-down its foreign exchange balances in order to purchase the required foodstuffs. However, it can be expected that import programs for other commodities will be cutback if domestic and/or export demand for Japanese products falls-off appreciably.

Domestic Yarn Prices

Prices of Japanese yarn previously published 1/ indicated the degree to which such prices have fluctuated in recent months but the following prices will more clearly indicate the trend: On April 2, 1953, the Osaka Sampin price of 20s Single Cotton Yarn per pound was ¥169.90 (approximately US$0.49); on September 28, 1953, it had risen to the 1953 high of ¥268.00 (approximately US$0.75); and on October 29, 1953, it had dropped to ¥204.00 (approximately US$0.57). As a general statement, it appears that the domestic prices are nearing the export prices.

1/ Published in FC 27-53, Japan Announces October 1953--March 1954 Import Program for Cotton, dated October 30, 1953.

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WASHINGTON, D. C.

FC 32-53 November 19, 1953

FOREIGN MARKET NOTES--COTTON

Japanese Program for Use of New Export-Import Bank Credit

By Carl C. Campbell
Marketing Specialist

Export-Import Credit

The Japanese plan to delay the use of the new Export-Import Credit until it is determined whether or not imports of Pakistani cotton are to be restricted. The Japanese Government plans to stop the import of Pakistani cotton if the Pakistan Government does not issue import licenses for cotton textiles as agreed when the trade agreement between Japan and Pakistan was signed last April. In case imports of Pakistani cotton are stopped, the Japanese probably will use a considerable portion of the Export-Import Credit to buy short staple American cotton, otherwise the Credit probably will be used principally for the longer staple varieties of American cotton. It is expected that the question of trade with Pakistan as it affects the present cotton procurement plans will be settled within the next few weeks, therefore it is not anticipated that the matter will unduly delay the procurement of American cotton under the Credit.

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Production of Cotton Textiles

At present, it is estimated that the spinners are producing about 200,000 bales of yarn each month, which is estimated to be about 20,000 more than current demand (estimated at 130,000 bales for domestic and 50,000 bales for export, or a total of 180,000 per month). Unless export demand increases before the end of December, it is anticipated that the spinners will hold about 50,000 bales excess inventory at that time. However, if other exports continue at the present rate and Pakistan authorizes the import of Japanese textiles as agreed, it is not expected that the spinners inventories will become unduly large since buyers begin buying summer merchandise in February and it is estimated that demand at that time will approximate anticipated production (145,000 bales for domestic and 55,000 bales for export). In case the spinners inventories do become unduly large, it is expected that production eventually will have to be cutback to some extent but the spinners are likely to delay such action as long as possible; under the present tight financial situation, it is not considered that they will be able to delay the cutback very long in case it becomes necessary to take such a move because they will experience great difficulty in obtaining financing for an excessive inventory.

Production of Cotton in China

According to a report, a member of the Japanese trade mission which recently returned from Communist China stated that the cotton crop on the Chinese Mainland this year is smaller than expected and Commumist China plans to try to import 200,000 bales of Pakistani cotton this cotton-crop year. If this information is correct, it would not appear likely that China will be in a position to export cotton to Japan as the Chinese indicated would be possible in a communication to a Japanese spinning firm last Spring.

Cotton from Russia

It is reported that the Russians offered to barter 1,500 bales of cotton for spun and filament rayon yarn. The offer was made to a Japanese trading firm and the firm asked for samples of the cotton, since from the description used for the cotton, it was not possible to determine whether or not the cotton was of a desirable quality. If the cotton is desirable and if mutually satisfactory prices can be agreed upon for the cotton and the rayon, it is expected that the transaction will be consumated on a back-to-back letter of credit basis.

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FC 33-53 November 25, 1953

FOREIGN MARKET NOTES--COTTON

Demand for Cotton Improving in the United Kingdom

By Francis H. Whitaker
Marketing Specialist

The mills of the United Kingdom are very active and are now placing orders for raw cotton supplies.

Although members of the Trade are complaining of the price, they indicated they are planning to buy United States cotton and that prospects for future imports are encouraging.

The production of single yarns in England has been averaging approximately 20 million pounds weekly during October and indications are that it will continue at that rate during the remainder of the cotton season. During September 1953, the weekly average production was about 19 million pounds, for August about 17 million, and for July about 15 million. The weekly average production during the 1952 calendar year was 14.83 million pounds, and for 1951, 20.71 million. One spinner reported that his mills have used more United States cotton during the past twelve months (ending October 1) than was used during the two preceding seasons.

A well-informed member of the Trade has expressed the opinion that the United Kingdom cotton consumption for the 1953-54 season would be approximately 1.9 million bales, imports from the United States being principally quality shipments.

The greatest draw-back to consumption in the United Kingdom at the present time is the lack of experienced textile workers. However, the recruitment of new workers is progressing steadily.

There has been a decided downward trend of stocks of cotton beginning with the end of July 1952. Details follow:

Index of end-of-month stocks
(July 1952 = 100%)

1952	Percent	1953	Percent
July	100	January	84
August	97	February	82
September	93	March	81
October	91	April	81
November	89	May	78
December	85	June	80
		July	80
		August	78

Source of basic data: British Board of Trade.

It is reported that the mills buying their supplies outside of the Raw Cotton Commission have stocks sufficient for about three months. They represent about 56 percent of the textile industry. The Raw Cotton Commission is offering its stocks at negotiated prices to the entire textile trade of the United Kingdom. It is expected that the Commission will liquidate its business as soon as feasible. It does not expect to be in operation during the 1954-55 season.

The Liverpool Cotton Exchange expects to be in full operation on September 1, 1954, but it is reported that it will open for futures trading in a limited way beginning in June 1954. If the Exchange is going to be in a position to carry covers for the industry after the Raw Cotton Commission goes out of business, it will need to get into operation as soon as possible in order to develop its system. Futures contracts will be based on American middling 15/16" cotton and only United States growths can be tendered. It will be necessary for sufficient stocks of American cotton to be carried to permit contracts to be settled. They will have to be carried by members of the Trade since the Raw Cotton Commission stocks will not be available. Therefore, the United Kingdom should take considerably more United States cotton during the current season than they imported during 1952-53 when imports of United States cotton amounted to only about 368,000 bales.

The knitting industry needs about 80,000 bales of California or Memphis cotton to take the place of Peruvian cotton which is not available. The industry expects to begin to place orders for these growths immediately.

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